Thelloy Development Group Limited
德 萊 建 業 集 團 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1546

Annual Report 2025

Contents

Corporate Information

Registered Office

PO Box 309
Ugland House
Grand Cayman
KY1-1104, Cayman Islands

Head Office and Principal Place of Business

19/F, The Globe,
79 Wing Hong Street, Lai Chi Kok
Kowloon, Hong Kong

Executive Directors

Mr. Lam Kin Wing Eddie *(Chairman)*
Mr. Shut Yu Hang
Mr. Lam Arthur Chi Ping

Independent Non-executive Directors

Mr. Tang Chi Wang
Mr. Tse Ting Kwan
Mr. Wong Kwong On
Ms. Yeung Cheuk Chi Vivian (appointed on 20 June 2024)

Company Secretary

Mr. Fung Nam Shan

Authorised Representatives

Mr. Lam Kin Wing Eddie
Mr. Shut Yu Hang

Audit Committee

Mr. Tse Ting Kwan *(Chairman)*
Mr. Tang Chi Wang
Mr. Wong Kwong On

Remuneration Committee

Mr. Wong Kwong On *(Chairman)*
Mr. Tse Ting Kwan
Mr. Lam Kin Wing Eddie
Mr. Lam Arthur Chi Ping
Ms. Yeung Cheuk Chi Vivian (appointed on 20 June 2024)

Nomination Committee

Mr. Tang Chi Wang *(Chairman)*
Mr. Shut Yu Hang
Mr. Tse Ting Kwan
Mr. Lam Arthur Chi Ping
Ms. Yeung Cheuk Chi Vivian (appointed on 20 June 2024)

Legal Adviser as to Hong Kong Law

P.C. Woo & Co.

Principal Share Registrar and Transfer Office

Maples Fund Services (Cayman) Limited
PO Box 1093, Boundary Hall
Cricket Square, Grand Cayman
KY1-1102
Cayman Islands

Hong Kong Branch Share Registrar and Transfer Office

Tricor Investor Services Limited
17/F., Far East Finance Centre
16 Harcourt Road
Hong Kong

Principal Banker

Hang Seng Bank Limited
20/F, 83 Des Voeux Road Central
Hong Kong

Independent Auditor

Deloitte Touche Tohmatsu
Registered Public Interest Entity Auditors

Company Website

www.thelloy.com

Stock Code

1546

Chairman's Statement

Dear Shareholders,

On behalf of the board (the "**Board**") of directors (the "**Directors**") of Thelloy Development Group Limited (the "**Company**") and its subsidiaries (collectively the "**Group**"), I am delighted to present the annual report of the Group for the year ended 31 March 2025 (the "**Year**") to you.

Review

Hong Kong's economy saw moderate growth during the Year amid weak global demand, with real GDP expanding by 3.1% year-on-year in Q1 2025, improving from the 2.5% rise in the previous quarter. However, private consumption remained subdued, posting a slight decline as shifts in spending habits among residents and visitors offset the HKSAR government's efforts to stimulate demand through mega events and tourism promotions.

Rising geopolitical tensions and persistently high interest rates further dampened sales and investment sentiment in the property market. Developers' caution led to contraction in private construction spending, while public-sector investment also decreased, highlighting sector-wide challenges despite strategic fiscal support. In the 2025-26 Budget, the HKSAR government reiterated its focus on infrastructure and housing, prioritizing accelerated progress in the Northern Metropolis development and public housing supply. As a result, public-sector projects are expected to drive near-term construction industry growth, though competition for these contracts is likely to intensify.

The construction industry continues to face numerous challenges, including persistent labor shortages, an aging workforce, and declining productivity. These issues have contributed to a steady rise in wages. Material prices have also been volatile due to uncertainties in trade policies. All these contribute to rising building costs and pose significant challenges to industry growth.

Over the past year, contractors have faced mounting financial pressures due to intense competition and persistently high interest rates. The longstanding issue of delayed payments has deteriorated further across the supply chain, particularly among subcontractors with limited cash reserve, resulting in project disruptions and incidents of wage arrears. Meanwhile, contractors are also encountering growing difficulties in securing bank credit amid tightening financial conditions, resulting in greater cash flow constraints during project execution. The HKSAR government has introduced the Security of Payment Legislation, set to take full effect in August 2025. The new law shall hopefully improve payment practices across the industry and alleviate cash flow pressures for contractors, subcontractors and suppliers throughout the supply chain.

The Group achieved healthy revenue growth during the Year, supported by government and government-funded capital works projects. However, profitability declined principally due to lower gross profit from projects secured during 2022 to 2023 amid intense market competition and increase in finance costs due to tightened credit conditions. During the Year, we have also successfully completed and delivered the Public Vehicle Park project at Sheung Shui for the Housing Authority. Building on our proven expertise in public sector projects and revitalization works, we secured a new contract for redecoration and repair works at the Hong Kong Observatory Main Building, further strengthening our order book. Looking ahead, we will intensify our focus on renovation, maintenance, and alteration projects to capitalise on growing demand from aging infrastructure. Additionally, we are actively seeking admission to approved contractor lists for government and institutional works to expand our market opportunities.

Chairman's Statement (Continued)

Prospect

Looking forward, uncertainties surrounding geopolitical tensions, trade protectionism and local conflicts are expected to continue disrupting supply chains and causing market volatility. The slowdown in interest rate cuts and weak demand will present challenges for local businesses and asset markets. Consequently, ongoing constraints in the property market are likely to dampen private-sector construction activity in Hong Kong, with public sector projects remaining the main driver of growth in the construction industry in the near term. However, competition for tenders is expected to intensify, adding to the existing challenges of labor shortages, rising labor costs, and fluctuating material prices. Despite these obstacles, the government's strategic focus on public housing and infrastructure projects, such as the Northern Metropolis Development, is expected to support the construction industry in the coming years. Additionally, fiscal spending by the government aimed at stimulating the economy will benefit the construction sector. Our Group, equipped with the necessary licences and expertise in public works, is confident in seizing significant business opportunities from public capital projects and enhancing our competitive position in the market.

Our top priorities for the upcoming year will be on securing financial stability through disciplined fiscal management and streamlining operations to restore profitability. We will also (i) actively adopt innovative technologies to modernize construction processes, (ii) minimize subcontracting layers to reduce project disruptions and save costs, and (iii) expand business opportunities by joining approved contractors lists and exploring more fitting-out and maintenance projects. These strategies will strengthen the Group's operational resilience and position us for sustainable growth.

A Note of Appreciation

On behalf of the Board, I wish to take this opportunity to express my gratitude to shareholders of the Company (the "**Shareholders**"), business partners and suppliers who trust and remain faithful to the Group. I would also like to express our sincere thanks to the management and staff for their diligence, commitment and contribution throughout the years.

Thelloy Development Group Limited
Lam Kin Wing Eddie
Chairman

Hong Kong, 26 June 2025

Management Discussion and Analysis

Business Review and Outlook

Construction

Hong Kong's economy experienced moderate growth during the Year, supported by rising exports of goods and services and a gradual recovery in investment spending. However, private consumption remained subdued amid weak global demand. Geopolitical tensions and elevated interest rates further weakened sentiment in the property market, leading to continued declines in private construction activity as developers adopted a cautious approach. Public works projects remained the primary growth driver, with sustained government investment in public housing and infrastructure, though intense tender competition is anticipated.

The construction sector continues to face persistent labor shortages, an aging workforce, and declining productivity, altogether contributing to rising wage costs. The composite labor wage index published by Census and Statistics Department of the Hong Kong Government increased by 6.1% year-on-year as of February 2025. Volatile material prices, exacerbated by geopolitical instability, have further strained cost control and planning. These escalating expenses remain major hurdles to industry expansion.

Contractors at the same time face heightened financial strain due to fierce competition and prolonged high interest rates. Delayed payments, a chronic issue, worsened across the supply chain, particularly for cash-strapped subcontractors, leading to project delays and wage arrears. Additionally, tightening credit conditions have made securing financing more difficult for contractors, exacerbating cash flow challenges during project execution.

Meanwhile, we see a sustained flow of construction works from the public sector in Hong Kong as government initiatives, including the Northern Metropolis Development, prioritization of public housing supply and increased fiscal spending on infrastructure, are expected to bolster the construction sector in the coming years. With our strong track record and expertise in public works, our Group is well-positioned to capitalise on these opportunities and strengthen our market competitiveness.

The Group achieved healthy revenue growth during the Year, recording a turnover of HK$400.2 million, supported by government and government-funded capital works projects. However, profitability declined primarily due to: (a) a decrease in the fair value of investment property held by a joint venture; (b) lower gross profit being recognised for construction projects during the Year, primarily related to certain projects awarded in 2022 and 2023 which carried limited tender margins amid the prevailing intense market competition; (c) increase in staff and labour costs due to prolonged project duration without prolongation cost; (d) shortfall in the anticipated contract price fluctuation compensation for the public projects; and (e) increase in finance costs due to tightened credit conditions.

During the Year, we successfully delivered the Public Vehicle Park project in Sheung Shui for the Housing Authority, demonstrating our execution capabilities in public sector works. Leveraging our established expertise in government projects and revitalization works, we were awarded a new contract for redecoration and repair works at the Hong Kong Observatory Main Building, enhancing our project pipeline. Also, subsequent to the end of the reporting period, in June 2025, the Group has been awarded an extension of contract period to two of its existing term works contracts that are due to expire in July 2025 with the HKSAR Buildings Department, with an estimated remaining contract sum of HK$593 million. Moving forward, we will place greater emphasis on renovation, maintenance, and alteration projects to address the increasing needs of Hong Kong's aging infrastructure. Concurrently, we are pursuing inclusion in approved contractor lists for government and institutional works to broaden our business opportunities. These initiatives will reinforce the Group's operational stability and create a foundation for sustainable growth.

To position ourselves for future opportunities and support the transition to "Construction 2.0," the Group has continued to strengthen its capabilities in MiC design-and-build, broaden the use of BIM technology, and adopt laser scanning to enhance productivity. With safety as a core value, the Group has also implemented artificial intelligence (AI) and the Smart Site Safety System (4S) for real-time site monitoring, enabling early detection of safety risks and helping to reduce accidents.

We are dedicated to implementing energy-efficient practices and making steady progress toward our waste and emissions reduction goals. Our ongoing efforts have been recognised with the Outperformer Award under the ESG Recognition Scheme by the Hong Kong Construction Association, as well as our designation as a Hong Kong Green Organization. In addition, we are committed to creating long-term value for the community by actively engaging in a variety of charitable activities. The Group collaborated with Yang Memorial Methodist Social Service to visit the elderly during festive seasons, participated in the Lifewire Run 2024, and has been honored with the 5 Year Plus Caring Company Award.

Property

The Group is also involved in the property business through its interests in Great Glory Developments Limited ("**Great Glory**", which is owed as to 49% by the Group), which can achieve synergy with the Group's existing business in building construction. The flagship project under the Great Glory, through its interest in World Partners Limited ("**JV Subsidiary**") is to redevelop an industrial building in Tsuen Wan. A town planning approval for redevelopment into commercial use has been obtained earlier, but in light of the current market conditions, the JV Subsidiary is exploring alternative uses to maximise its market potential. Great Glory also has interests in various land lots in Yuen Long through its interest in Sky Glory Properties Limited, where added value was created by obtaining planning approval for senior living development in September 2023. Subsequent to the year ended 31 March 2025, the interests in the land lots were recently sold in May 2025 by Great Glory.

Outlook

Looking forward, uncertainties surrounding geopolitical tensions, trade protectionism and local conflicts are expected to continue disrupting supply chains and causing market volatility. The slowdown in interest rate cuts and weak demand will present challenges for local businesses and asset markets. Consequently, on-going constraints in the property market are likely to dampen private-sector construction activity in Hong Kong, with public sector projects remaining the main driver of growth in the near-term construction industry. However, competition for tender prices is expected to intensify, adding to the existing challenges of labor shortages, rising labor costs, and fluctuating material prices. Despite these obstacles, the government's strategic focus on public housing and infrastructure projects, such as the Northern Metropolis Development, is expected to support the construction industry in the coming years. Additionally, fiscal spending by the government aimed at stimulating the economy will benefit the construction sector. Our Group, equipped with the necessary licences and expertise in public works, is confident in seizing significant business opportunities from public capital projects and enhancing our competitive position in the market.

Our top priorities for the upcoming year will be on securing financial stability through disciplined fiscal management and streamlining operations to restore profitability. We will also (i) actively adopt innovative technologies to modernize construction processes, (ii) minimize subcontracting layers to reduce project disruptions and save costs, and (iii) expand business opportunities by joining approved contractors lists and exploring more fitting-out and maintenance projects. These strategies will strengthen the Group's operational resilience and position us for sustainable growth.

FINANCIAL REVIEW

Revenue

During the Year, revenue of the Group increased from approximately HK$258.0 million for the Previous Year to approximately HK$400.2 million, representing an increase of approximately 55.1%. The increase was mainly attributable to the combined effect of (i) the increase in revenue from the building construction services from approximately HK$188.9 million for the Previous Year to approximately HK$369.5 million for the Year, representing an increase of approximately 95.6%; (ii) a decrease in revenue from design and build services from approximately HK$25.2 million for the Previous Year to approximately HK$0.57 million for the Year, representing a decrease of approximately 97.7%; and (iii) a decrease in revenue from RMAA services from approximately HK$43.9 million for the Previous Year to approximately HK$30.1 million for the Year, representing a decrease of approximately 31.4%. The significant increase in revenue from building construction services was mainly due to a project completed during the Year while the drop in revenue from design and build services and RMMA services are due to the completion of several projects on hand during the Year.

Direct Costs

The Group's direct costs increased from approximately HK$227.8 million for the Previous Year to approximately HK$391.9 million for the Year, representing an increase of approximately 72.0% as compared to the Previous Year. Such increase was primarily due to the increase in revenue, raw materials, subcontractor and direct staff costs during the Year.

Gross Profit and Gross Profit Margin

The Group's gross profit amounted to approximately HK$8.3 million and HK$30.2 million for the Year and the Previous Year respectively, representing a decrease of approximately 72.5%. The decrease was mainly due to the increase in direct costs as discussed above.

The overall gross profit margin decreased from approximately 11.7% for the Previous Year to approximately 2.1% for the Year. A lower margin due to certain projects awarded in 2022 and 2023 which carried limited tender margins amid the prevailing intense market competition during the Year.

Other Income and Other Losses

During the Year, the Group's other income mainly represented bank interest income, rental income and government grants, which increased by approximately HK$0.6 million from approximately HK$1.5 million for the Previous Year to approximately HK$2.1 million for the Year, representing an increase of approximately 40.0%. This was mainly attributable to an increase in the rental income from mini-storage services during the Year.

Administrative Expenses

The Group's administrative expenses amounted to approximately HK$34.8 million and HK$35.0 million for the Year and the Previous Year respectively, representing a decrease of approximately 0.6%, which remained stable as compared to the Previous Year.

Finance Costs

For the Year and the Previous Year, the Group's finance costs amounted to approximately HK$7.4 million and HK$4.5 million respectively, representing an increase of approximately 64.4%. The increase in finance costs was mainly due to the rise in interest rate and bank borrowings during the Year.

Management Discussion and Analysis (Continued)

Income Tax Credit (Expense)

For the Year, an income tax credit of HK$0.2 million was recorded for the Group as it sustained a taxation loss (Previous Year: income tax expense of HK$0.5 million).

(Loss)/Profit and Total Comprehensive (Expense) Income for the Year

The Group incurred a loss and total comprehensive expense of HK$51.4 million for the Year, as compared to a profit and total comprehensive income of HK$8.3 million for the Previous Year. Such turnaround of financial performance was mainly due to (i) the recognition of share of losses of joint ventures; (ii) a lower overall gross profit from certain construction projects during the Year, primarily related to projects awarded in 2022 and 2023; and (iii) an increase in finance costs driven by higher interest rate and addition of bank borrowings for the Year. Additionally, the Group experienced a lower margin for certain projects as it faced fierce market competition during the Year, as well as an increase in staff cost and labour cost due to extended project duration.

Dividends

The Board does not recommend the payment of a final dividend for the Year (2024: Nil).

Liquidity and Financial Resources

The Group maintained a healthy financial position. As at 31 March 2025, the Group had bank balances and cash (including pledged bank deposits) of approximately HK$33.5 million (2024: approximately HK$34.1 million) and the current ratio was approximately 0.71 (2024: approximately 0.75). As at 31 March 2025, bank borrowings of HK$154.4 million (2024: HK$71.0 million) were secured by the Group's pledged bank deposits and properties, repayable within one year, borne floating interest rate at Hong Kong Interbank Offered Rate plus a spread of range from 1.35% to 2.5% (2024: 1.35% to 1.75%) with an effective rate of 5.96% (2024: 6.39%) per annum and denominated in Hong Kong dollars.

Gearing Ratio

The gearing ratio of the Group as at 31 March 2025 was approximately 131.7% (2024: 43.5%). The gearing ratio is calculated as total borrowings and lease liabilities divided by total equity as at the end of the reporting period.

The increase in gearing ratio was due to increase in bank borrowings.

Treasury Policy

The Group has adopted a prudent financial management approach towards its treasury policies and thus maintained a healthy liquidity position throughout the Year. The Group strives to reduce exposure to credit risk by performing ongoing credit assessments and evaluations of the financial status of its customers. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time.

Pledge of Assets

As at 31 March 2025, the Group had pledged bank deposits of approximately HK$2.1 million (2024: approximately HK$2.0 million), where all properties with carrying amount of approximately HK$74.5 million (2024: approximately HK$77.1 million) have been pledged to secure the banking facilities granted to the Group.

Capital Structure

There has been no change in capital structure of the Company during the Year. The capital of the Company comprises ordinary shares ("Shares") and other reserves.

Other Commitment

On 5 March 2021, in order to finance the land acquisition plan of Great Glory, the Group agreed to provide the additional capital contribution in the aggregate amount of HK$188,650,000 to Great Glory and such contributions shall be payable upon request of the Great Glory from time to time. As at 31 March 2025, the outstanding commitment was HK$77,632,000 (2024: HK$86,325,000).

Human Resources Management

As at 31 March 2025, the Group had a total of 164 employees (2024: 133 employees). To ensure that the Group can attract and retain staff capable of attaining the best performance levels, remuneration packages are reviewed on a regular basis. The total staff costs (including directors' remuneration) incurred for the Year were approximately HK$79.6 million (2024: HK$58.3 million). In addition, discretionary bonus was granted to eligible employees by reference to the Group's operating results and employees' individual performance. During the Year, the Group also sponsored staff to attend seminars and training courses for professional development.

Foreign Currency Risk

The Group's business operations were conducted in Hong Kong. The transactions, monetary assets and liabilities of the Group were mainly denominated in Hong Kong dollars. During the Year, there was no material impact on the Group arising from the fluctuation in the foreign exchange rates between the currencies. The Group did not engage in any derivatives agreement and did not commit to any financial instruments to hedge its foreign exchange exposure during the Year.

Significant Investments, Material Acquisitions and Disposals of Subsidiaries and Affiliated Companies

As at 31 March 2025, the Company held a significant investment, with a value of over 5% of the Company's total assets as at 31 March 2025, in Great Glory. The Group's total investment in Great Glory is HK$188,650,000, and the amount provided up to 31 March 2025 was approximately HK$112,500,000. As at 31 March 2025, the Group owned 49 shares in Great Glory, representing 49% equity interests in Great Glory with a carrying amount of the Group's interests in Great Glory of approximately HK$108,954,000, representing approximately 27.3% of the total assets of the Company as at 31 March 2025. No market value was available for this investment as at 31 March 2025.

Great Glory is a company established in the British Virgin Islands with limited liability and mainly carries on the business of property investment and development in Hong Kong.

Please refer to the section headed "Management Discussion and Analysis – Business Review and Outlook – Property" above for further details of the progress of the property project under Great Glory. The Board considers that the investments in Great Glory can expand the Group's business interests in Hong Kong's property market and can achieve synergy with the Group's existing business in building construction.

Save as disclosed above, there were no other significant investment held, material acquisition and disposal of subsidiaries, associated companies or joint ventures by the Group during the Year.

Future Plans for Materials Investments and Capital Assets

The Group does not have any plans for material investments and capital assets acquisitions for the coming 12 months.

Performance Guarantees

As at 31 March 2025, performance guarantees of approximately HK$14.1 million (2024: HK$14.1 million) were issued by certain banks in favour of the Group's customers as security for the observance of the Group's obligations under various contracts entered into between the Group and its customers.

As at 31 March 2025, a performance guarantee of approximately HK$0.9 million (2024: HK$0.9 million) was issued by a bank in favour of the Group's landlord as security for a premise leased by the Group.

Save as disclosed, the Group had no other material performance guarantees at the end of the reporting period.

SHARE OPTION SCHEME

The Company's share option scheme (the "**Share Option Scheme**") was conditionally approved by the Company pursuant to the written resolutions of the then sole shareholder of the Company on 22 September 2015. The Share Option Scheme remained valid and effective following the transfer of listing of its shares from GEM to the Main Board of the Stock Exchange on 26 October 2017 and will be implemented in full compliance with the requirements under Chapter 17 of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**").

No share option has been granted, exercised, cancelled or lapsed under the Share Option Scheme since its adoption.

AUDIT COMMITTEE

The Company has set up an audit committee (the "**Audit Committee**") on 22 September 2015 with terms of reference as revised by the Board with effect from 24 January 2019. The primary duties of the Audit Committee are to, inter alia, review relationship with the Company's external auditors, review the Company's financial information, oversee the Company's financial reporting system and internal control procedures and oversee the Company's connected transactions. The Audit Committee comprises all three INEDs, namely Mr. Tse Ting Kwan, who is the chairman of the Audit Committee, Mr. Tang Chi Wang and Mr. Wong Kwong On. The consolidated financial statements of the Group for the Year have been reviewed by the Audit Committee, which was of the opinion that the preparation of such results complied with the applicable accounting standards, the Listing Rules and legal requirements, and adequate disclosures have been made.

SUBSEQUENT EVENT

Subsequent to the year ended 31 March 2025, Great Glory entered into a sale and purchase agreement with an independent third party to sell its entire equity interest in Profit Apex Developments Limited, a company which beneficially owned the entire equity interest in Sky Glory Properties Limited, a company which is incorporated in Hong Kong and held a piece of land in Yuen Long, Hong Kong, at a consideration of HK$42,000,000. The disposal was completed on 15 May 2025 and the Group received the consideration attributable to it of HK$20,580,000, which is proportional to its shareholding interest in Great Glory, representing 49% of the total consideration received by Great Glory.

Biographies of Directors, Senior Management and Company Secretary

Executive Directors

Mr. Lam Kin Wing Eddie ("**Mr. Lam**"), aged 66, is an Executive Director, the Chairman and Chief Executive of the Company. He is also a member of the remuneration committee. Mr. Lam is a director of all subsidiaries of the Company and a director of Cheers Mate Holding Limited, being a controlling shareholder of the Company. He is also the father of Mr. Lam Arthur Chi Ping, an Executive Director. He joined the Group as a director in March 1995 and is responsible for overall business strategy and major business decisions of the Group.

Mr. Lam has over 48 years of experience in the building construction industry of Hong Kong and possesses extensive experience in planning, operating and managing construction projects of various sizes and nature. Prior to joining the Group, Mr. Lam worked in Hsin Chong Construction Co., Ltd, Gammon Building Construction Limited and Shiu On Building Contractors Ltd. from 1977 to 1993.

Mr. Lam qualified as a Chartered Builder and a Registered Professional Surveyor (Quantity Surveying) in Hong Kong in March 1985 and in January 2004 respectively. He was admitted as a member of the Hong Kong Institute of Construction Managers in May 1997 and became its fellow in December 2006, and admitted as a member of the Chartered Institute of Building in March 1985 and became its fellow in September 2010.

Mr. Lam is currently the Permanent Supervisor of the Hong Kong Construction Association, the Chairman of the Construction Industry Training Board of the Construction Industry Council, the Chairman of the Pneumoconiosis Compensation Fund Board, and an Honorary President of the Hong Kong Institute of Construction Managers, a member of the Land and Development Advisory Committee and Building Contractors Committee of the Development Bureau and the Deputy Chairman of the Hong Kong Quality Assurance Agency.

Mr. Lam Arthur Chi Ping, aged 34, is an Executive Director and a member of each of the remuneration committee and nomination committee of the Company. He is currently a director of Techoy Construction Company Limited ("Techoy Construction"), and a director of a number of other subsidiaries of the Company. He is responsible for new ventures and property development and corporate affairs of the Group.

He holds a Bachelor degree in Economics from the University of Warwick, a Master's degree in Real Estate Economics and Finance from the London School of Economics and Political Science and a Master's degree in Construction Project Management from the University of Hong Kong. In 2017, he was elected as a professional member of the Royal Institute of Chartered Surveyors. He first joined the Group as a new ventures manager of Techoy Construction in 2018 and he has worked at various real estate consultancy firms, namely Savills (Hong Kong) Limited and CBRE Limited prior to joining the Group. He is the son of Mr. Lam Kin Wing Eddie who is an Executive Director and the Chairman of the Board.

Further, he is currently serving as a member of the Appeal Tribunal Panel (Buildings), a member of the CIC Youth Affairs Committee and the First Vice-Chairman of the HKCA Young Members Society.

Mr. Shut Yu Hang ("**Mr. Shut**"), aged 60, is an Executive Director of the Company and a member of the nomination committee. Mr. Shut is also a director of Techoy Construction. He joined the Group as a construction manager in August 1998 and was promoted as a general manager in January 2008 and is responsible for general management and day-to-day operation of the Group.

Mr. Shut has over 37 years of experience in the building construction industry of Hong Kong. Mr. Shut was admitted as a graduate member of The Institution of Structural Engineers in November 1994, and a member of the Hong Kong Institute of Construction Managers in November 2014. He was also recognized as a member of and as Registered Construction Manager of the Hong Kong Institute of Construction Manager in November 2014 and 17 March 2017 respectively. Further, Mr. Shut was appointed as a committee member of the Contractors Registration Committee Panel and the Contractors Registration Committee by the Buildings Department from January 2011 to January 2017. Mr. Shut is also appointed as a member of the Appeal Tribunal Panel by Development Bureau from December 2018 to November 2025.

Biographies of Directors, Senior Management and Company Secretary (Continued)

Independent Non-Executive Directors

Mr. Tang Chi Wang ("**Mr. Tang**"), aged 47, was appointed as an Independent Non-Executive Director of the Group on 22 September 2015. He is the chairman of the nomination committee and a member of the audit committee.

Mr. Tang has over 28 years of experience in the building construction industry in Hong Kong. Since April 2012, he has been working as the Executive Director of Adwise Building Consultancy Limited and is responsible for overseeing the operation of the firm. Since November 2019, Mr. Tang has been an Independent Non-Executive Director of CTR Holdings Limited, a company listed on the Main Board of the Stock Exchange (stock code: 1416). Mr. Tang was also an Independent Non-Executive Director of Silver Tide Holdings Limited, a company listed on the Main Board of the Stock Exchange (stock code: 1943), for the period from April 2021 to October 2022.

Mr. Tang is a fellow member of the Hong Kong Institute of Surveyors, the Hong Kong Institute of Construction Managers, the Chartered Association of Building Engineers, the Chartered Institute of Arbitrators and the Hong Kong Institute of Arbitrators. He is also a member of the Royal Institution of Surveyors and the Chartered Institute of Building, and a general mediator of mediator panels of Hong Kong Mediation Accreditation Association Limited, an accredited mediator of panel of mediators of Hong Kong Mediation Centre, a mediator of The Hong Kong Institute of Architect and the Hong Kong Institute of Surveyors joint panel of mediators and a mediator of list of mediators of the Hong Kong Institute of Construction Managers.

Mr. Tang obtained a diploma in Building Studies from the Morrison Hill Technical Institute (now renamed the Hong Kong Institute of Vocational Education (Morrison Hill)) in August 1996, a Higher Diploma in Surveying from the City University of Hong Kong in November 1999, a Bachelor of Science (Honours) degree in Building Surveying from the University of Northumbria at Newcastle in June 2000, a postgraduate diploma in Arbitration from The College of Estate Management in January 2005, a Bachelor of Laws (Honours) from the University of London in August 2008 and a Master of Public Administration from the Hong Kong Baptist University in November 2011.

Mr. Tse Ting Kwan ("**Mr. Tse**"), aged 50, was appointed as an Independent Non-Executive Director on 22 September 2015. He is the chairman of the audit committee and a member of each of the nomination committee and the remuneration committee.

Mr. Tse has over 20 years of experience in auditing, finance and accounting. He was the financial controller of Chinese People Holdings Company Limited (stock code: 681) until September 2020, and he was responsible for accounting, finance and tax matters. Since June 2022, Mr. Tse has been appointed as an Independent Non-Executive Director of Superactive Group Company Limited (stock code: 176), a company listed on the Main Board of the Stock Exchange. In addition, Mr. Tse was also an independent non-executive director of Imperium Technology Group Limited (stock code: 776), a company listed on the Main Board of the Stock Exchange, from 5 October 2012 to 8 May 2025. Mr. Tse holds a bachelor degree of Business Administration from the Lingnan College (now renamed as the Lingnan University) in November 1997. He is currently a fellow member of the Association of Chartered Certified Accountants and an associate member of the Hong Kong Institute of Certified Public Accountants.

Mr. Wong Kwong On ("**Mr. Wong**"), aged 66, was appointed as an Independent Non-Executive Director on 22 September 2015. He is the chairman of the remuneration committee and a member of the audit committee.

Mr. Wong has various experience in the building and civil construction industry of Hong Kong. From May 1990 to May 1995, Mr. Wong worked as a quantity surveyor for the following construction companies:

(i) Shui On Construction Company Limited (from May 1990 to March 1991);

(ii) Gitanes Engineering Company Limited (from March 1991 to November 1991); and

(iii) Shui On Civil Contractors Limited (from November 1991 to February 1992 and from January 1993 to May 1995).

His responsibilities as a quantity surveyor included contract administration and provision of contractual advice to projects which he was involved in.

From January 2001 to May 2011, he became the Director of Consultant Associates (H.K.) Limited, a construction claim consultant company. Since May 2011, Mr. Wong started practising as a solicitor of Chan & Associates and since June 2013, he has been working as the principal of the law firm Wong & Lawyers and is responsible for overseeing the operation of the firm.

Mr. Wong was admitted a member of The Hong Kong Institute of Surveyors in March 1986, a member of the Chartered Institute of Building in August 1994, a fellow member of the Chartered Institute of Arbitrators in January 1995 and a solicitor of the High Court of Hong Kong in June 2000.

Mr. Wong obtained an Associateship in Building Technology and Management in November 1983 and a Diploma in Management Studies in November 1988 from The Hong Kong Polytechnic (now renamed The Hong Kong Polytechnic University), a Postgraduate Certificate in Hong Kong Law from the City Polytechnic of Hong Kong (now renamed the City University of Hong Kong) in November 1992, a Master of Arts in Arbitration and Dispute Resolution in November 1995 from City University of Hong Kong, a Bachelor of Laws from the University of Wolverhampton in October 1996 and a Postgraduate Certificate in Laws in June 1998 from the University of Hong Kong.

Ms. Yeung Cheuk Chi Vivian ("**Ms. Yeung**"), aged 34, was appointed as an Independent Non-Executive Director on 20 June 2024. She is a member of each of the nomination committee and the remuneration committee. She holds the qualification of Solicitor of the High Court of Hong Kong Special Administrative Region ("**HKSAR**").

Ms. Yeung has around 10 years of experience in the legal profession, specialising in mergers and acquisitions ("**M&A**"), private equity (including real estate private equity), joint ventures and distressed M&A transactions across the region. She has extensive experience in representing major corporations, investment banks and private equity firms on a variety of corporate matters. During this period, Ms. Yeung is a member of the regional legal team of AXA Asia. Prior to that, she worked in major international law firms in their Hong Kong and Singapore offices.

Biographies of Directors, Senior Management and Company Secretary (Continued)

Ms. Yeung previously served as a member of the Buildings Energy Efficiency Disciplinary Board Panel from October 2018 to October 2021 and a member of the Licensing Appeals Board of HKSAR from January 2020 to December 2023. Ms. Yeung presently holds the following HKSAR Government appointed positions, including serving as a member of the Immigration Tribunal, the Appeal Tribunal Panel (Buildings), the Appeal Panel (Housing), the Appeal Board on Public Meetings and Processions, the Independent Police Complaints Council (as an observer), and the District Youth Community Building Committee of Wanchai District.

Ms. Yeung obtained a degree of Bachelor of Arts in Law and Business Studies from University of Warwick in 2014, and completed Postgraduate Certificate in Laws (PCLL) at University of Hong Kong in 2015.

Senior Management

Mr. Hui Man Ho, Terence ("**Mr. Hui**"), aged 43, is the general manager of real estate ventures and digital transformation of the Company. He joined the Group in 2021 and is responsible for general management of the Company's real estate development and improvement on the Company's productivity by digital transformation and innovation adoption.

Mr. Hui has 18 years of experience in the building industry across consultant, contractor and developer roles. He holds degrees of Bachelor of Arts in Architectural Studies, Master in Architecture and Master of Science in Integrated Project Delivery from the University of Hong Kong. He is an architect and a construction manager, a member of Hong Kong Institute of Architects, a Chartered Member of Royal Institute of Architects, and a member of the Hong Kong Institute of Construction Managers. He possesses comprehensive and professional knowledge in BIM, BEAM and NEC, as a Certified BIM Manager of Construction Industry Council, a BIM Pro certified by HKIA, a BEAM Professional in New Building and Existing Building categories certified by Hong Kong Green Building Council and a Certified NEC Professional by Character Institution of Civil Engineering Surveyors. He was also appointed as a Member of the Committee on Productivity of the Construction Industry Council from April 2022 to January 2024.

Ms. Choi Yuen Fong, aged 55, is currently an administration and personnel manager of Techoy Construction, and a member of the senior management of the Group. She joined the Group in March 1997 and is mainly responsible for administrative and human resources matters of the Group.

Ms. Kwan Sin Ming, aged 44, is currently an estimating manager of Techoy Construction, and a member of the senior management of the Group. She joined the Group in May 2024. She is mainly responsible for project tendering matters of the Group.

Ms. Chan Kwai Fong, aged 53, is currently an accounting manager of Techoy Construction, and a member of the senior management of the Group. She joined the Group in March 1998 and is primarily responsible for financial management of the Group.

Company Secretary

Mr. Fung Nam Shan ("**Mr. Fung**"), aged 48, was appointed as the company secretary of the Company (the "**Company Secretary**") on 13 November 2015. Mr. Fung holds a bachelor's degree in commerce awarded by the University of Newcastle, Australia. Mr. Fung has become a certified public accountant of the Hong Kong Institute of Certified Public Accountants since February 2010 and a Certified Practising Accountant of CPA Australia since October 2003.

Currently, Mr. Fung is an Independent Non-Executive Director of Energy International Investments Holdings Limited (a company listed on the Main Board of the Stock Exchange (stock code: 0353)) and JH Educational Technology INC. (a company listed on the Main Board of the Stock Exchange (stock code: 1935)).

Mr. Fung was an Independent Non-Executive Director of China Fortune Investments (Holding) Limited, which was previously listed on GEM of the Stock Exchange (stock code: 8116), during the period from August 2021 to September 2021. He was the joint company secretary of Future Bright Mining Holdings Limited (a company listed on the Main Board of the Stock Exchange (stock code: 2212)) during the period from November 2015 to October 2016 and the company secretary and authorised representative of each of China Ocean Group Development Limited (formerly known as "China Ocean Fishing Holdings Limited") (a company listed on GEM of the Stock Exchange (stock code: 8047)) during the period from May 2015 to May 2017, MH Development Limited (formerly known as "Camsing International Holding Limited"), which was previously listed on the Main Board of the Stock Exchange (stock code: 2662), during the period from February 2016 to August 2021, China Supply Chain Holdings Limited (formerly known as "Yat Sing Holdings Limited") (a company listed on the Main Board of the Stock Exchange (stock code: 3708)) during the period from March 2016 to July 2021, Yues International Holdings Group Limited (formerly known as "Goal Rise Logistics (China) Holdings Limited") (a company listed on the Main Board of the Stock Exchange (stock code: 1529)) during the period from June 2021 to June 2022, Seamless Green China (Holdings) Limited, which was previously listed on GEM of the Stock Exchange (stock code: 8150), during the period from May 2015 to April 2024 and China Putian Food Holding Limited (a company listed on the Main Board of the Stock Exchange (stock code:1699)) during the period from August 2023 to July 2025.

Mr. Fung was employed as financial controller and company secretary of South China Assets Holdings Limited (formerly known as "South China Land Limited") which was previously listed on GEM of the Stock Exchange (stock code: 8155)) from February 2011 to April 2013. Mr. Fung worked for PricewaterhouseCoopers as an audit manager for several years which he accumulated experience in auditing, accounting and taxation in Hong Kong and China. He has been one of the marketing committee members of The Hong Kong Youth Hostels Association and also a member of its charity walk organising committee since 2012.

Mr. Fung is the partner of CityLinkers Corporate Solutions Limited, a professional services provider offering services in areas of finance, compliance, legal and advisory.

Corporate Governance Report

Corporate Governance

The Company's corporate governance code are based on the principles and code provisions of the Corporate Governance Code (the "**CG Code**") set out in Part 2 of Appendix C1 to the Listing Rules. The Company is committed to ensuring a quality board as well as transparency and accountability to shareholders. The code provision C.2.1 of the CG Code stipulates that the roles of chairman and chief executive should be separated and should not be performed by the same individual. Mr. Lam Kin Wing Eddie ("**Mr. Lam**") serves as the Chairman and also acts as the Chief Executive, which constitutes a deviation from the code provision C.2.1 of the CG Code.

The Board is of the view that vesting both roles in Mr. Lam will allow for more effective planning and execution of business strategies. The Board has a total of seven Directors and four of them are Independent Non-Executive Directors ("**INED(s)**") who are qualified professionals and/or experienced individuals. As all major decisions of the Board are made in consultation with all the members of the Board which meets on a regular quarterly basis to review the operations of the Group, and shall be approved by a majority vote of the Board, with the four INEDs on the Board scrutinising important decisions and offering independent perspectives, the Board believes that there are adequate safeguards in place to ensure a sufficient balance of power and authority within the Board.

The Company applied the principles and complied with all applicable code provisions in the CG Code during the Year, save for code provision C.2.1 of the CG Code.

The Board has reserved for its decision and consideration of issues in relation to (i) formulating the strategic objectives of the Group; (ii) considering and deciding the Group's significant operational and financial matters, including but not limited to substantial mergers and acquisitions and disposals; (iii) overseeing the Group's corporate governance practices; (iv) ensuring that a risk management control system are in place; (v) directing and monitoring senior management in pursuit of the Group's strategic objectives; and (vi) determining the remuneration packages of all Directors and the Group's senior management, including benefits in kind, pension rights and compensation payments for loss or termination of their office or appointment. Implementation and execution of Board policies and strategies and the daily administrative matters are delegated to the respective Board committees and the management team of the Company.

The Board conducts at least four regular Board meetings a year and additional meetings will be held or resolutions in writing signed by all Directors in lieu of a meeting will be arranged as and when required. If a substantial shareholder of the Company or a Director has a conflict of interest in a transaction which the Board determines to be material, it will be considered and dealt with by the Board at a duly convened Board meeting with the presence of the INEDs without material interest in that transaction. Comprehensive information on matters to be discussed at the Board meeting will be supplied to the Directors in a timely manner to facilitate discussion and decision-making.

Composition of the Board

As at the date of this report, the Board comprises 3 executive Directors and 4 INEDs, the name and office of each of the members of the Board and the Board committees of the Company are as follows:

Board members	Office
Mr. Lam Kin Wing Eddie *(Chairman and Chief Executive)*	Executive Director
Mr. Shut Yu Hang	Executive Director
Mr. Lam Arthur Chi Ping	Executive Director
Mr. Tang Chi Wang	INED
Mr. Tse Ting Kwan	INED
Mr. Wong Kwong On	INED
Ms. Yeung Cheuk Chi Vivian (appointed on 20 June 2024)	INED

Audit Committee members
Mr. Tse Ting Kwan *(Chairman)*
Mr. Tang Chi Wang
Mr. Wong Kwong On

Remuneration Committee members
Mr. Wong Kwong On *(Chairman)*
Mr. Lam Arthur Chi Ping
Mr. Lam Kin Wing Eddie
Mr. Tse Ting Kwan
Ms. Yeung Cheuk Chi Vivian (appointed on 20 June 2024)

Nomination Committee members
Mr. Tang Chi Wang *(Chairman)*
Mr. Shut Yu Hang
Mr. Tse Ting Kwan
Mr. Lam Arthur Chi Ping
Ms. Yeung Cheuk Chi Vivian (appointed on 20 June 2024)

On 20 June 2024, Ms. Yeung Cheuk Chi Vivian was appointed as an INED and a member of each of the Remuneration Committee and Nomination Committee. Ms. Yeung Cheuk Chi Vivian has obtained legal advice referred to Rule 3.09D of the Listing Rules on 19 June 2024 and has confirmed she understood her obligations as a director.

All Directors (including INEDs) were appointed for an initial term of 3 years and are subject to retirement by rotation at least once every three years in accordance with the memorandum and articles of association of the Company (the "**Articles**").

Save as disclosed in "Biographies of Directors, Senior Management and Company Secretary", as at the date of this report, there is no other financial, business, family or other material/relevant relationship(s) among the members of the Board.

The Board composition is regularly reviewed to ensure that it has a balance of skills and experience appropriate for the business needs of the Group. A balanced composition of executive Directors and INEDs is maintained to ensure independence and effective management. During the Year, the Company has satisfied the Rules 3.10(1) and (2) and 3.10(A) of the Listing Rules in having at least three INEDs, representing more than one third of the Board and at least one of the INEDs with appropriate professional qualifications or accounting or related financial management expertise.

The appointment of new Directors is recommended by the Remuneration Committee and the Nomination Committee and approved by the Board or by the Shareholders in a general meeting of the Company based on a formal written procedure and policy for the appointment of new Directors. When selecting potential candidates for the Directors, their skills, experience, expertise, devotion of time and non-conflicts of interests are the key factors.

In considering the re-appointment of Directors, the Board, with the assistance and recommendation from the Nomination Committee, will also take into account a number of factors, including but not limited to the structure, size and composition of the Board, the candidates' qualifications and their ability to devote sufficient time as and when required to discharge their responsibilities as a Director and to make positive contribution to the development of the Company's strategy, policies and performance.

Pursuant to article 16.18 of the Articles, at every annual general meeting of the Company one-third of the Directors for the time being shall retire from office by rotation provided that every Director shall be subject to retirement by rotation at least once every three years and any Director required to stand for re-election pursuant to article 16.2 of the Articles shall not be taken into account in determining the number of Directors and which Directors are to retire by rotation.

Pursuant to article 16.2 of the Articles, the Board shall have power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy or as an addition to the Board. Any Director so appointed shall hold office only until the first annual general meeting of the Company after his/her appointment and shall then be eligible for re-election at that meeting.

The daily operation and management of the business of the Group, among other matters, the implementation of strategies, are delegated to the executive Directors. They report periodically to the Board on their work and business decisions.

All Directors have been fully consulted about any matters proposed for inclusion in the agenda for regular meetings. The Chairman has delegated the responsibility for drawing up the agenda for each Board meeting to the Company Secretary.

With the assistance of the executive Directors and the Company Secretary, the Chairman seeks to ensure that all Directors are properly briefed on issues arising at Board meetings and have received adequate and reliable information in a timely manner.

Notices of at least fourteen days are given to the Directors for regular meetings, while Board papers are sent to the Directors not less than three days before the intended date of a Board or Board committee meeting. With respect to other meetings, the Directors are given as much notice as is reasonable and practicable in the circumstances. The Directors can attend meetings in person or through other means of electronic communication in accordance with the Articles. The Company Secretary ensures that the procedures and all applicable rules and regulations are complied with. Minutes of Board meetings and meetings of Board committees are kept by the Company Secretary and are available for inspection at any time on reasonable notice by any Director.

The Directors have full access to information of the Group and are able to obtain independent professional advice whenever they deem necessary. Memorandums are issued to the Directors from time to time to update them with legal and regulatory changes and matters of relevance to the Directors in the discharge of their duties.

Draft minutes are normally circulated to Directors or members of the relevant Board committees for comments within a reasonable time after each meeting.

According to the current Board's practice, any material transaction, which involves a conflict of interests between a substantial shareholder or a Director and the Company, will be considered and dealt with by the Board at a duly convened Board meeting with the presence of the INEDs who have no material interest in that transaction. Directors will abstain from voting and will not be counted in the quorum at meetings for approving transactions in which such Directors or any of their associates have a material interest.

The Company has received from each of the INEDs an annual confirmation of their independence pursuant to Rule 3.13 of the Listing Rules. The Company considers that all of the INEDs are independent.

Pursuant to code provision B.1.4 of the CG Code, the Board has established mechanism(s) to ensure independent views and input are available to the Board, in particular, (i) INEDs are encouraged to actively participate in the Board meetings; (ii) the number of INEDs must comply with the requirements under the Listing Rules; and (iii) the INEDs shall devote sufficient time to discharge their duties as a Director. Furthermore, the Directors may access external independent professional advice to assist their performance of duties at the expense of the Company. The Board has reviewed the implementation and effectiveness of such mechanism on an annual basis.

Responsibilities

In the course of discharging their duties, the Directors act in good faith, with due diligence and care, and in the best interests of the Company and its shareholders. Their responsibilities include (i) attending regular Board meetings focusing on business strategy, operational issues and financial performance of the Group; (ii) monitoring the quality, timeliness, relevance and reliability of internal and external reporting; (iii) monitoring and managing potential conflicts of interest of management, board members and shareholders, including misuse of corporate assets and abuse in connected transactions; and (iv) ensuring processes are in place to maintain the overall integrity of the Group, including financial statements, relationships with suppliers, customers and other stakeholders, and compliance with all laws.

Director's Responsibilities for the Consolidated Financial Statements

The Directors acknowledge their responsibilities for the preparation of the consolidated financial statements of the Group and ensure that the consolidated financial statements of the Group are in accordance with statutory requirements and applicable accounting standards. The Directors also ensure the timely publication of the consolidated financial statements of the Group. In preparing the accounts for the Year, the Directors have, among other things:

- selected suitable accounting policies and applied them consistently;

- approved adoption of all Hong Kong Financial Reporting Standards which are in conformity with the International Financial Reporting Standards;

- satisfied the disclosure requirements under the Companies Ordinance (Chapter 622 of the laws of Hong Kong); and

- made judgments and estimates that are prudent and reasonable; and prepared the accounts on the going concern basis.

The Directors confirm that, to the best of their knowledge, information and belief, having made all reasonable enquiries, save as disclosed in note 3.1 of the Consolidated Financial Statements, they are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Group's ability to continue as a going concern.

The reporting responsibilities of the Group's external auditor, Deloitte Touche Tohmatsu ("**DTT**"), are set out in the Independent Auditor's Report on pages 79 to 84 to this annual report.

Delegation by the Board

The Board has established three committees, namely the Audit Committee, the Remuneration Committee and the Nomination Committee. Specific responsibilities of each committee are described below. All committees are chaired by an INED. All committees have their respective terms of reference which are no less exacting than those set out in the CG Code.

During the Year, the Board held four meetings in total and an annual general meeting of the Company on 23 August 2024 (the "2024 AGM"), and the individual attendance record of each Director at the meetings of the Board and the 2024 AGM is set out below:

Name of Directors	Attendance/ Number of Board Meetings	Attendance/ Number of General Meeting(s)
Executive Directors:		
Mr. Lam *(Chairman)*	4/4	1/1
Mr. Shut Yu Hang	4/4	1/1
Mr. Lam Arthur Chi Ping	4/4	1/1
INEDs:		
Mr. Tang Chi Wang	4/4	1/1
Mr. Tse Ting Kwan	4/4	1/1
Mr. Wong Kwong On	4/4	1/1
Ms. Yeung Cheuk Chi Vivian (appointed on 20 June 2024)	3/3	1/1

Note: The attendance figure represents the actual attendance/the number of meetings a Director was required to attend.

Apart from the regular Board meetings, the Chairman also held a meeting with the INEDs without the presence of the executive Directors pursuant to the CG Code during the Year.

Audit Committee

The Audit Committee was established on 22 September 2015 with terms of reference as revised by the Board with effect from 24 January 2019. The Audit Committee consists of three INEDs, namely Mr. Tse Ting Kwan, serving as the chairman, Mr. Tang Chi Wang and Mr. Wong Kwong On. During the Year, the Company fully complied with Rule 3.21 of the Listing Rules.

The primary responsibilities of the Audit Committee are to (i) review the financial reporting process of the Group and its internal control and risk management systems and the effectiveness of the Company's internal audit function; (ii) oversee the audit process, (iii) review the Company's compliance with the CG Code; (iv) review and supervise the Company's financial reporting process and internal control systems; and (v) perform other duties assigned by the Board. There is at least one of the members of the Audit Committee possessing appropriate professional qualifications or accounting or related financial management expertise as required by the Listing Rules.

During the Year, the Audit Committee reviewed the financial results of the Group (including the Group's annual and half-yearly reports), audit plans and fees proposed by the external auditor of the Group, the independence of the external auditor, accounting principles and practices of the Group, the Listing Rules and statutory compliance, the report on internal controls, risk management, effectiveness of the Company's accounting, internal audit function, financial reporting matters and adequacy of resources, staff qualifications and experience, training programmes as well as those relating to the Group's environmental, social and governance's performance and reporting and made recommendations to the Board to improve the quality of financial information to be disclosed and internal control and other matters in accordance with its terms of reference. The Audit Committee has also reviewed and approved the engagement of the external auditor of the Group to perform statutory audit and approved their fees and re-appointment at the 2024 AGM. There was no disagreement between the Board and the Audit Committee on the selection and re-appointment of the external auditor.

The Group's financial statements for the Year have been reviewed by the Audit Committee. The Audit Committee considered that the relevant financial statements have been prepared in compliance with the applicable accounting principles and requirements of the Stock Exchange and disclosures have been fully made.

During the Year, the Audit Committee held two meetings. The individual attendance record of each member at the meetings of the Audit Committee during the Year is set out below:

Name of Members	Attendance/ Number of Meetings
Mr. Tse Ting Kwan *(Chairman)*	2/2
Mr. Tang Chi Wang	2/2
Mr. Wong Kwong On	2/2

Note: The attendance figure represents the actual attendance/the number of meetings a member was required to attend.

Nomination Committee

The Nomination Committee was established on 22 September 2015 with terms of reference as revised by the Board with effect from 26 June 2025. The Nomination Committee consists of three INEDs, namely Mr. Tang Chi Wang, serving as the chairman, Mr. Tse Ting Kwan and Ms. Yeung Cheuk Chi Vivian (appointed on 20 June 2024) and two executive Directors, namely Mr. Lam Arthur Chi Ping and Mr. Shut Yu Hang.

The Nomination Committee is mainly responsible for (i) reviewing the Board's structure, size, composition (including the skills, knowledge and experience) and diversity against factors including but not limited to gender, age, nationality, cultural and educational background, professional experience, skills, knowledge, industry experience and length of service, having regard to the Group's business activities, assets and management portfolio, and assisting the Board in maintaining a board skills matrix; (ii) selecting Board members and ensuring transparency of the selection process; (iii) reviewing and monitoring the training and continuous professional development of the Directors and senior management; (iv) assessing the independence of the INEDs, having regard to the requirements under the Listing Rules; (v) making recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors; and (vi) supporting the regular evaluation of the performance of the Board. The Nomination Committee identifies individuals suitably qualified to become or continue to be the Board members by taking into consideration criteria like expertise, experience and commitment and makes recommendations to the Board on the selection of individuals as nomination for directorships.

Nomination Policy

When making recommendations regarding the appointment of any proposed candidate to the Board, the Nomination Committee shall consider a variety of factors including without limitation the following in assessing the suitability of the proposed candidate:–

(i) reputation for integrity;

(ii) accomplishment, experience and reputation in the business and other relevant sectors relating to the Company and/or its subsidiaries;

(iii) commitment in respect of sufficient time and attention to the Company's business;

(iv) diversity in all aspects, including but not limited to gender, age, cultural/educational and professional background, skills, knowledge and experience;

(v) the ability to assist and support management and make significant contributions to the Company's success;

(vi) compliance with the criteria of independence as prescribed under Rule 3.13 of the Listing Rules for the appointment of an INED; and

(vii) any other relevant factors as may be determined by the Nomination Committee or the Board from time to time.

On 20 June 2024, Ms. Yeung Cheuk Chi Vivian was nominated as an INED and a member of each of the Remuneration Committee and the Nomination Committee by the Nomination Committee.

Save as disclosed above, during the Year and up to the date of this report, no candidate was nominated for directorship.

The Nomination Committee and the Board review the terms of reference of the Nomination Committee at least annually. The terms of reference of the Nomination Committee are in line with the requirements of the Listing Rules.

During the Year, one Nomination Committee meeting was held. The individual attendance record of each member at the meeting of the Nomination Committee during the Year is set out below:

Name of Members	Attendance/ Number of Meetings
Mr. Tang Chi Wang *(Chairman)*	1/1
Mr. Shut Yu Hang	1/1
Mr. Tse Ting Kwan	1/1
Mr. Lam Arthur Chi Ping	1/1
Ms. Yeung Cheuk Chi Vivian (appointed on 20 June 2024)	1/1

Note: The attendance figure represents the actual attendance/the number of meetings a member was required to attend.

During the Year, the Nomination Committee members (i) reviewed and considered the structure, size, diversity and composition of the Board and the Board Diversity Policy (as defined thereunder); (ii) assessed the independence of INEDs; (iii) recommended the re-appointments of the retiring Directors at the AGM; and (iv) considering other matters in accordance with its terms of reference.

The Nomination Committee will review the Board composition by considering the benefits of all aspects of diversity, including but not limited to those described under the heading of Board Diversity Policy in this report. The Board Diversity Policy shall be reviewed by the Nomination Committee, as appropriate, to ensure its effectiveness. During the Year, the Board composition has been reviewed and is considered to be satisfied, having regard to the independence and the Board diversity policy.

Pursuant to code provision C.1.5 of the CG Code, the Directors have disclosed to the Company at the time of their appointments and from time to time thereafter the number and nature of offices held in public companies or organisations, other significant commitments, and the identity of the public companies or organisations involved.

Board Diversity Policy

The Board has adopted a board diversity policy (the "**Board Diversity Policy**") which sets out the approach to achieve a sustainable and balanced development of the Company and also to enhance the quality of performance of the Company.

The Company seeks to achieve board diversity through the consideration of a number of factors, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. By adopting such criteria, it facilitates the Company to develop a pipeline of candidates to the Board to achieve gender diversity.

Measurable objectives have been set to implement the Board Diversity Policy and selection of candidates will be based on a range of factors as stated above. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

As at the date of this report, the Board comprises seven Directors. Four of the Directors are INEDs and independent of management, thereby promoting critical review and control of the management process. The Board is also characterised by significant diversity in terms of professional background and skills.

During the Year, the Board, via the Nomination Committee, conducted an annual review of the implementation and effectiveness of the Board Diversity Policy and is satisfied that the Board Diversity Policy has been properly implemented and is effective.

Gender Diversity

The proportion of female Board representation is a measurable objective of the Company in assessing the implementation of the Board Diversity Policy. The Board recognises the importance of the Board gender diversity for enhancing the corporate governance system and strategic decisions in the boardroom.

Ms. Yeung Cheuk Chi Vivian was appointed as an INED on 20 June 2024. After her appointment, the Board is no longer composed of a single gender, achieving the gender diversity of the Board at 14.3%. The Board targets to maintain at least the current level of female representation on the Board, with the ultimate goal of increasing the proportion of female Board members over time as and when suitable candidates are identified.

The Board will continue to ensure that appropriate balance of gender diversity is achieved with reference to stakeholders' expectation and international and local recommended best practices, with the ultimate goal of bringing the Board to gender parity.

In striving to maintain gender diversity, similar considerations are used when recruiting and selecting senior management and general staff. As of 31 March 2025, a 69.7:30.3 male to female gender ratio, being a measurable objective for gender diversity, has been achieved in the workforce (including senior management).

While we believe our future employee recruitment should predominantly be merit-based and do not consider it appropriate to set any target gender ratio for our workforce, we recognise and embrace the benefits of having a diverse workforce, and will continue to enhance the diversity of our workforce, subject to availability of suitable candidates.

Further information about the composition of the Group's workforce can be found in the "Environmental, Social and Governance Report" on pages 30 to 64 to this annual report.

Remuneration Committee

The Remuneration Committee was established on 22 September 2015 with terms of reference as revised by the Board with effect from 12 January 2023. The Remuneration Committee consists of three INEDs, namely Mr. Wong Kwong On, serving as the chairman, Mr. Tse Ting Kwan and Ms. Yeung Cheuk Chi Vivian (appointed on 20 June 2024), and two executive Directors namely Mr. Lam and Mr. Lam Arthur Chi Ping.

The primary duties of the Remuneration Committee are to (i) make recommendations to the Board on the Company's policy and structure of all remuneration of Directors and senior management and the establishment of a formal and transparent procedure for developing a policy on such remuneration, (ii) assess performance of executive Directors and approve the terms of executive Directors' service contracts and (iii) review and/or approve matters relating to share schemes under Chapter 17 of the Listing Rules.

During the Year, since there were no shares granted under the Share Option Scheme (as stated in the Report of the Directors), no material matters relating to the Share Option Scheme under Chapter 17 of the Listing Rules were required to be reviewed or approved by the Remuneration Committee.

The Remuneration Committee and the Board review the terms of reference of the Remuneration Committee from time to time. The terms of reference of the Remuneration Committee are in line with the requirements of the Listing Rules.

According to the terms of reference of the Remuneration Committee, the Remuneration Committee makes recommendation to the Board for its final determination of the remuneration packages of all executive Directors and senior management, including benefits in kind, pension rights and compensation payments, consisting of any compensation payable for loss or termination of their office or appointment; and make recommendations to the Board about the Directors' fee of INEDs. In determining the emoluments payable to the Directors, the Remuneration Committee takes into consideration factors such as salaries paid by comparable companies, responsibilities and performance of the Directors.

The Remuneration Committee members held two meetings during the Year. During the Year, the Remuneration Committee has discussed, reviewed and recommended the remuneration packages and recommended the proposed bonus for the Directors and the senior management to the Board for approval and assessed the performance of executive Directors. The remuneration policy of the Company enables the Company to retain and motivate employees (including executive Directors) to meet corporate objectives. A Director is not allowed to approve his own remuneration. The remuneration package of an executive Director includes basic salary, allowance, discretionary bonus and share-based benefits, which are all covered by a service contract. The Director's fee of INEDs is subject to annual assessment. Remuneration surveys on companies operating in similar business, inflation rates, industry trends and performance of the Company are referred to when the Remuneration Committee is considering the remuneration packages of the Directors.

The individual attendance record of each member at the meetings of the Remuneration Committee during the Year is set out below:

Name of Members	**Attendance/ Number of Meetings**
Mr. Wong Kwong On *(Chairman)*	2/2
Mr. Tse Ting Kwan	2/2
Ms. Yeung Cheuk Chi Vivian (appointed on 20 June 2024)	2/2
Mr. Lam	2/2
Mr. Lam Arthur Chi Ping	2/2

Note: The attendance figure represents the actual attendance/the number of meetings a member was required to attend.

Details of the Directors' remuneration and the five highest paid individuals for the Year as regarded to be disclosed pursuant to the CG Code are provided in note 6 to the consolidated financial statements.

Remuneration of the Senior Management

During the Year, the remuneration of the senior management is listed below by bands:

	Number of individuals
Nil to HK$1,500,000	3
HK$1,500,001 to HK$2,000,000	1

Corporate Governance Functions

The Board did not establish a corporate governance committee but has delegated its responsibility for performing corporate governance duties to the Audit Committee under code provision A.2.1 of the CG Code. During the Year, the Audit Committee has (i) reviewed the Company's policies and practices on corporate governance and made relevant recommendations to the Board; (ii) reviewed and monitored the training and continuous professional development of the Directors and senior management; (iii) reviewed and monitored the Company's policies and practices on compliance with legal and regulatory requirements; (iv) reviewed and monitored the code of conduct applicable to employees and the Directors; and (v) reviewed the Company's compliance with the CG Code and disclosure in this report.

Directors' Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules (the "**Model Code**") as code of conduct governing Directors' securities transaction. In response to the specific enquiry made by the Company of the Directors, all Directors have confirmed that they had complied with the required standard set out in the Model Code throughout the Year.

Continuous Professional Development for Directors

Directors must keep abreast of their collective responsibilities. Each newly appointed Director receives an induction package covering the Group's businesses and the statutory and regulatory obligations of a director of a listed company. The Directors are continually updated with business and market changes, and legal and regulatory developments to facilitate the discharge of their responsibilities through various Board meetings, resolutions, memoranda, Board papers, and updates on corporate governance practices and director's responsibilities under the Listing Rules, applicable laws and other relevant statutory requirements.

Corporate Governance Report (Continued)

During the Year, the Board members participated in the following training programs in accordance with code provision C.1.4 of the CG Code:

Name of Directors	Types of training Attending training	 Reading materials updating on new rules and regulations
Executive Directors		
Mr. Lam *(Chairman)*	✓	✓
Mr. Shut Yu Hang	✓	✓
Mr. Lam Arthur Chi Ping	✓	✓
INEDs		
Mr. Tang Chi Wang	✓	✓
Mr. Wong Kwong On	✓	✓
Mr. Tse Ting Kwan	✓	✓
Ms. Yeung Cheuk Chi Vivian (appointed on 20 June 2024)	✓	✓

Directors and Officers Insurance

Appropriate insurance policies that cover Directors' and officers' liabilities have been in force to protect the Directors and officers of the Group from their risk exposure arising from the business of the Group and, as at the date of this report, the Directors and officers of the Company are indemnified under a directors' and officers' liability insurance against any liability incurred by them in discharge of their duties while holding office as the Directors and officers of the Company. The Directors and officers of the Company shall not be indemnified where there is any fraud, breach of duty or breach of trust proven against them.

Company Secretary

The Company Secretary is an external service provider, and his primary corporate contact person is Mr. Lam, an executive Director and the Chairman, for the purpose of code provision C.6.1 of the CG Code. The Company Secretary is to ensure a good information flow within the Board and between the Board and senior management of the Company, to provide advice to the Board in relation to the Directors' obligations under the Listing Rules and applicable laws and regulations and to assist the Board in implementing the corporate governance practices. Mr. Fung Nam Shan, the Company Secretary, has attended 15-hour relevant professional training as per the requirement under Rule 3.29 of the Listing Rules.

Risk Management and Internal Control

The Company has an internal audit function.

The Directors are responsible for maintaining and reviewing the effectiveness of the internal controls of the Company, including material financial, operational and compliance controls, risk management functions and particularly the adequacy of resources, staff qualifications and experience, training programs and budget of the accounting and financial reporting functions, internal audit as well as those relating to the Group's environmental, social and governance performance and reporting. The Directors assess the effectiveness of the risk management and internal control systems on an ongoing basis. Appropriate policies and control procedures have been designed and established to ensure that assets are safeguarded against improper use or disposal, relevant rules and regulations are adhered to and complied with, reliable financial and accounting records are maintained in accordance with relevant accounting standards and regulatory reporting requirements, and key risks that may impact on the Company performance are appropriately identified and managed. In the case of the Company, such procedures are designed to manage, rather than eliminate, the risk of failure to achieve business objectives. These procedures can only provide reasonable, and not absolute, assurance against material misstatement or losses.

During the Year, the Board, through the Audit Committee, has conducted an annual review under code provisions D.2.1, D.2.2 and D.2.3 of the CG Code on the effectiveness of the risk management and internal control system covering (i) all material controls in the financial, operational and compliance controls, various functions for risks management as well as physical and information systems security; and (ii) matters covered in code provisions D.2.2 and D.2.3 of the CG Code.

The Board considered such risk management and internal control system effective and adequate. A discussion on the principal types of risk which the Group is facing is included in note 32(b) to the consolidated financial statements and the "Principal Risks and Uncertainties Facing the Company" section contained in the Report of the Directors on pages 67 to 68 to this annual report.

Policy on Disclosure of Inside Information

The Group has set out the procedures and internal controls for handling and dissemination of inside information in order to comply with code provision D.2.4(e) of the CG Code as elaborated below.

There are guidelines to the Directors, officers and all relevant employees of the Group to ensure that proper safeguards exist to prevent the Company from breaching the statutory disclosure requirements. It also includes appropriate internal control and reporting systems to identify and assess potential inside information.

Key procedures in place include:

- defines the requirements of periodic financial and operational reporting to the Board and Company Secretary to enable them to assess inside information and make timely disclosures, if necessary;
- controls the access to inside information by employees on a need-to-know basis, and safeguarding the confidentiality of the inside information before it is properly disclosed to public;
- procedures of communicating with the Group's stakeholders, including but not limited to shareholders, investors, and business partners in ways which are in compliance with the Listing Rules.

The Group has also established and implemented procedures to handle enquiries from external parties related to the market rumours and other Group's affairs.

To avoid uneven dissemination of inside information, the dissemination of inside information of the Company shall be conducted by publishing the relevant information on the Stock Exchange's website and the Company's website.

Independent Auditor's Remuneration & Responsibilities

The Company has appointed DTT as the external auditor of the Group. For the Year, DTT received HK$1,000,000 for audit services and HK$130,000 for non-audit services (tax services) respectively.

The Audit Committee recommended to the Board the re-appointment of DTT as the external auditor and that the related resolution will be put forth for the shareholder's consideration and approval at the annual general meeting of the Company to be held on Monday, 25 August 2025 (the "**2025 AGM**").

There was no disagreement between the Board and the Audit Committee on the selection and re-appointment of DTT as the external auditor during the Year.

Policy of Communications with Shareholders and Investors

The Company considers that effective communication with its shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company also recognises the importance of transparency and timely disclosure of corporate information, which will enable shareholders and investors to make the best investment decisions.

The disclosure of the Group's information in a reasonable and timely manner by the Board is to facilitate the shareholders as well as the investors to have a better understanding of the business performance, operations and strategies of the Group.

Our website at www.thelloy.com allows the Company's potential and existing investors as well as the public to access and acquire the Company's up-to-date corporate and financial information.

Shareholders are provided with contact details of the Company, in order to enable them to make any query that they may have with respect to the Company. They can also send their enquiries to the Board through these means. The contact details of the Company are provided in the "Corporate Information" section of this annual report and the Company's website.

The Board welcomes views of shareholders and encourages them to attend general meetings to raise any concerns that they may have with the Board or the management directly. Board members and appropriate senior staff of the Group are available at the meetings to answer any questions raised by shareholders.

During the Year, the Board conducted a review of the implementation and effectiveness of the Policy of Communications with Shareholders and Investors as described above. Having considered the available channels of communication in place as detailed above, the Board is satisfied that the shareholders communication policy has been properly implemented and is effective.

Procedures for Shareholders to Convene an Extraordinary General Meeting

To safeguard shareholders' interests and rights, separate resolutions are proposed at general meetings on each substantial issue, including the election of individual Directors, for shareholders' consideration and voting. Besides, pursuant to article 12.3 of the Articles, any one or more shareholder(s) holding together, as at the date of deposit of the requisition, shares representing not less than one-tenth of the voting rights in the share capital of the Company which carry the right of voting at general meetings of the Company shall at all times have the right, by written requisition to require general meetings to be convened for the transaction of any business specified in such requisition. If within twenty-one (21) days of such deposit the Board does not proceed duly to convene the meeting to be held within a further twenty-one (21) days, the requisitionists themselves may do so.

Shareholders may send written enquiries to the Company or put forward any enquiries or proposals to the Board. The contact details are as follows:

Company Secretary
Thelloy Development Group Limited
Address: 19/F, The Globe
79 Wing Hong Street
Lai Chi Kok
Kowloon, Hong Kong
Fax no.: (852) 2529 9898

To put forward proposals at an annual general meeting or an extraordinary general meeting, the shareholders shall submit a written notice of those proposals with detailed contact information to the Company Secretary at the Company's registered office.

The request will be verified with the Company's branch share registrar in Hong Kong and upon its confirmation that the request is proper and in order, the Company Secretary will ask the Board to include the proposed resolution in the agenda for the general meeting.

Moreover, the notice period concerning the notice to be given to all the shareholders for consideration of the proposals submitted by the shareholders concerned varies as follows pursuant to article 12.4 of the Articles:

(a) for an annual general meeting it shall be called by at least twenty-one (21) days' notice in writing; and

(b) any extraordinary general meetings, they may be called by not less than fourteen (14) days' notice in writing.

For the avoidance of doubt, shareholder(s) must deposit and send the original duly signed written requisition, notice or statement, or enquiry (as the case may be) to the Company's address above-mentioned and provide their full names, contact details and identification in order to give effect thereto. Shareholders' information may be disclosed as required by law.

Constitutional Documents

There were no change in the constitutional documents of the Company during the Year.

Environmental, Social and Governance Report

About this Report

This Environmental, Social and Governance ("ESG") Report ("the Report") provides an overview of the initiatives, plans and performance of Thelloy Development Group Limited, together with its subsidiaries (hereafter "Thelloy", the "Group" or "we") in ESG and demonstrates its commitment to sustainable development. It covers the core and material businesses, namely the provision of (i) building construction services; and (ii) repair, maintenance, alteration, and addition ("RMAA") works and services in Hong Kong as the main contractor.

Reporting Period

This is the Group's ninth sustainability report, which demonstrates its commitment to and efforts on ESG issues. It details our sustainability strategies, management approaches to material topics, and performance for the reporting period from 1 April 2024 to 31 March 2025 (the "Reporting Period").

Reporting Scope

This Report discloses ESG key performance indicators (KPIs) of the Group's office (the "office") and the representative project(s) (the "project(s)").

Reporting Framework

This Report has been prepared in accordance with the "mandatory disclosure requirements" and the "comply or explain" provisions of the ESG Reporting Guide (the "ESG Reporting Guide") as set out in Appendix C2 to the Rules Governing the Main Board Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Reporting Principles

The Group has applied the reporting principles stipulated in the ESG Reporting Guide when preparing this Report, details are illustrated as follows:

- Materiality: The Group identifies the material ESG issues that are sufficiently important to investors and other stakeholders through stakeholder engagement and materiality assessment. Details are explained in the sections headed "Stakeholder Engagement" and "Materiality Assessment".

- Quantitative: This Report discloses the KPIs with quantitative measures, whenever feasible, including information on the standards, methodologies, assumptions used and provision of comparative data.

- Balance: This Report provides an unbiased picture of our performance, avoids selections, omissions, or presentation formats that may inappropriately influence a decision or judgment by the report readers.

- Consistency: This Report adopts consistent methodologies to allow for meaningful year-on-year comparisons of ESG data over time.

Access to the Report

The online version of this Report is available on the Stock Exchange's website. This Report is released in both English and Chinese versions. Should there be any discrepancies between the two versions, the English version shall prevail.

Contact Details

We welcome any comments or suggestions from our stakeholders. If you have any comments, please contact the Group at:

Address: 19/F. The Globe, 79 Wing Hong Street, Lai Chi Kok, Kowloon, Hong Kong
Tel: 2525 9333
Email: info@thelloy.com

The Board's Statement

At Thelloy, our commitment to sustainability is driven by the Board of Directors (the "Board") of the Group, which prioritises sustainable development. The Board oversees major ESG and climate-related matters, evaluates the Group's ESG management and implementation, and holds ultimate responsibility for our ESG strategy and reporting.

The Group values the suggestions and opinions of all stakeholders and ensures sufficient communication channels with key stakeholders to discuss and determine the Group's key ESG issues and potential ESG risks faced, and continuously improve the ESG-related strategies and policy systems. The Board has reviewed the major ESG issues for the Reporting Period, ensuring the materiality matrix remains timely and relevant. Please refer to the Materiality Assessment section for details.

The Group has established a robust ESG targets management framework, covering indicators such as emissions, energy consumption, and water resource management. The Board annually reviews progress toward these objectives, approving any necessary adjustments to ensure continued advancement. Please refer to the "Environmentally Conscious Operations" section for details.

All data and materials in this report are sourced from our internal documents, statistics, and consolidated subsidiary information. The Board oversees this Report's content to ensure it is free from false or misleading statements and material omissions, and is accountable for its accuracy, truthfulness, and completeness.

This report discloses in detail the above environmental, social and governance matters, which have been reviewed and approved by the Board on 26 June 2025.

Chairman's Message

Dear Stakeholders,

We are pleased to present our ninth ESG Report for the fiscal year ended 31 March 2025.

Thelloy understands that sustainability is becoming increasingly important for businesses as the world faces major challenges like climate change, resource shortages, and threats to human rights. There is growing pressure on companies to take action and lead on sustainability efforts.

The Group stays updated on global trends and actively responds to calls for carbon neutrality by incorporating sustainable development into our daily operations. We strive to align with and support the Hong Kong government's climate action plan, which aims to achieve carbon neutrality before 2050. We received the Sustainability Contribution Gold Seal Award from the Hong Kong Quality Assurance Agency (HKQAA) for promoting ecofriendly construction and we were also one of the first group of companies to join the ESG Recognition Scheme by the Hong Kong Construction Association (HKCA), adopting green technologies and engaging employees and workers to contribute to sustainable construction together.

Pursuing a people-oriented approach, we deem employees as partners along the path to sustainable development. We strive to create a fair, inclusive workplace, offering diverse training programmes to foster mutual growth with our employees. We adhere to stringent safety regulations and implement robust safety management practices to eliminate unsafe conditions and behaviours. Thelloy remains committed to generating long-term value and positive impact for our community.

To remain competitive for the upcoming opportunities and to respond to the call for "New Quality Productive Forces", we are committed to driving technological innovation to advance productivity and to promote sustainable development. The Group has continued efforts in developing its capabilities in innovative Modular Integrated Construction (MIC) design, expanding application of Building Information Modelling (BIM) technology, and adopting artificial intelligence for site safety. Apart from safety, we are also committed to introducing energy-efficient initiatives and striving to achieve our waste and emissions mitigation targets. Our relentless efforts were being recognised by the Environmental Campaign Committee as a Hong Kong Green Organisation, and we have also recently obtained green financing for a project with recognition under the CIC Sustainable Finance Certification Scheme.

Going forward, we will remain rooted in our vision to Build for More, providing services characterised by high-end technology, high efficiency and high quality. We will provide even more insights in our future reports, keep incorporating sustainability into our business operations, to forge a long-term sustainable business.

Yours faithfully,
For and on behalf of the Board

Lam Kin Wing Eddie
Chairman

Hong Kong, 26 June 2025

Sustainable Governance Structure

Recognising that robust ESG governance is critical to achieving sustainable development, managing risks, and seizing opportunities, Thelloy has strengthened its three-tier ESG governance framework to create a closed-loop management system encompassing decision-making, communication, implementation, and reporting.

The Board

The Board holds ultimate responsibility for the Group's ESG strategy and reporting, ensuring sustainable development through green operations. It integrates ESG considerations into business operations and embeds ESG principles within our overall strategy through robust governance, oversight, and training initiatives.

The Board oversees the ESG management strategy, reviews material ESG and climate-related issues identified through stakeholder engagement and materiality assessments, evaluates and mitigates ESG and climate-related risks. Additionally, it develops ESG management plans and monitors the progress made against the targets and initiatives as set out in the plans.

Our Executive Directors hold monthly review meetings to discuss ESG-related issues and risk if necessary. The follow-up actions and measures to address these issues will be executed by the Compliance Section. The compliance section then provides feedback directly on the progress and effectiveness to the Board.

The Audit Committee

The audit committee of the Group identifies, evaluates, and monitors ESG-related risks and assesses the effectiveness of ESG management systems. It reviews progress towards ESG targets, reports to the Board, and coordinates the implementation of ESG initiatives across the Group.

The Compliance Section

Operating under the audit committee, the compliance section coordinates ESG matters, ensuring compliance with environmental regulations, implementing health and safety policies, conducting regular risk assessments, and promoting sustainable practices and social responsibility standards.

The ESG Working Group

The ESG working group is mainly responsible for promoting and communicating the Group's ESG governance strategy and measures, collecting ESG data and organising the preparation of ESG reports.

Stakeholder Engagement

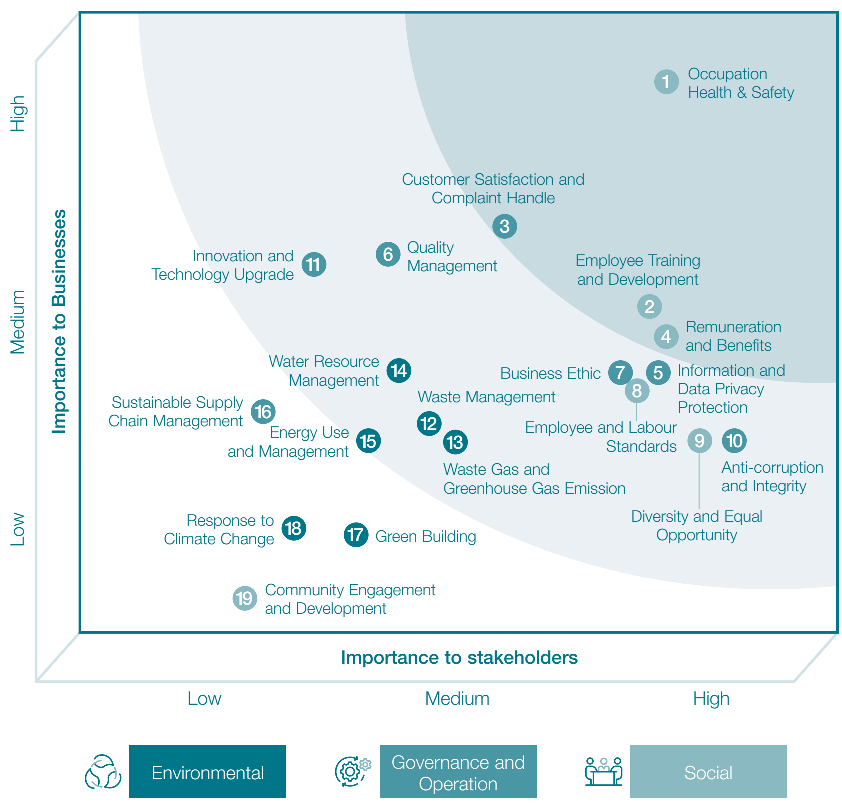
The Group values its stakeholders and actively seeks their feedback. We have set up various communication channels to further understand the opinions and concerns of our stakeholders. The table sets out the communication channels and expectations of our major stakeholders.

Stakeholders	Expectations and demands	Communication and response
Government and regulatory agency	• Compliance with laws and regulations • Tax obligations • Upholding anti-corruption and integrity practices	• Inspection and supervision • Regular report disclosure • Communication with regulatory authorities
Shareholder and investor	• Rights and interests protection • Investment return • Information disclosure and transparency	• E-mail and calls • General meetings • Company's official website and public disclosure
Employee	• Employee rights and interests protection • Remuneration and benefits • Occupational health and safety • Professional development	• Regular meetings and check-ins • Questionnaires and intranet • Employee training and activities
Customer	• Product and service quality • Privacy protection • Business integrity • Compliance operations	• Customer communication • Complaint channels • Customer engagement activities • E-mail, hotline, and social media
Supplier/Subcontractor/ Business Partner/Industry Association	• Fair competition • Win-win cooperation	• Standardising procurement and tendering • Supplier selection, monitor and assessment

Materiality Assessment

During the Reporting Period, due to no significant changes in our business operations or market conditions that have affected the prioritisation of these ESG issues, we have retained the materiality assessment from the previous year, which is reviewed regularly through peer benchmarking, trend analysis, and stakeholder engagement. This assessment involved engaging a diverse group of stakeholders. The insights gained from the survey are illustrated in the materiality matrix below. They serve as a vital reference for shaping our strategies, targets, and disclosures, ensuring that we remain responsive to the needs of those we serve.

The Board has reviewed and validated the outcomes of the retained materiality assessment, confirming the prioritisation of the identified sustainability issues. Based on these results, the Group is committed to enhancing its ESG performance, addressing associated risks, and meeting stakeholder expectations through targeted improvements and transparent reporting.



The table below highlights the ESG issues which were determined to be material to the Group:

Environmental Issues	Social Issues	Governance and Operation Issues
12. Waste Management	1. Occupation Health & Safety	3. Customer Satisfaction and Complaint Handle
13. Waste Gas and Greenhouse Gas Emissions	2. Employee Training and Development	5. Information and Data Privacy Protection
14. Water Resource Management	4. Remuneration and Benefits	6. Quality Management
15. Energy Use and Management	8. Employee and Labour Standards	7. Business Ethics
17. Green Building	9. Diversity and Equal Opportunity	10. Anti-Corruption and Integrity
18. Response to Climate Change	19. Community Engagement and Development	11. Innovation and Technology Upgrade
		16. Sustainable Supply Chain Management

People-Oriented, Safety First

Thelloy upholds a people-centric philosophy, fostering an equitable, safe, and healthy workplace for all employees. The Group is committed to investing a substantial number of resources in advancing employees' career development and well-being and addressing labour-related issues such as health and safety, preventing child and forced labour, labour rights, labour-management relations, and workplace inclusiveness.

During the Reporting Period, there were no instances of non-compliance with laws and regulations related to employment matters, including compensation, dismissal, recruitment, promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare. We adhered to the regulations, including but not limited to:

- The Employment Ordinance (Chapter 57 of the Laws of Hong Kong);
- The Sex Discrimination Ordinance (Chapter 480 of the Laws of Hong Kong);
- The Disability Discrimination Ordinance (Chapter 487 of the Laws of Hong Kong);
- The Family Status Discrimination Ordinance (Chapter 527 of the Laws of Hong Kong);
- The Race Discrimination Ordinance (Chapter 602 of the Laws of Hong Kong);
- The Employees' Compensation Ordinance (Chapter 282 of the Laws of Hong Kong); and
- Minimum Wage Ordinance (Chapter 608 of the Laws of Hong Kong).

Employee and Talent Management

Diversity, Equal Opportunities and Inclusive

The Group places significant importance on our employees and the distribution of talent resources. We promote a diverse, inclusive and anti-discrimination workplace that facilitates all employees from different backgrounds to thrive. Our Employee Handbook ensures a fair and equitable employment environment for all employee, regardless of background. We adhere to non-discriminatory practices in recruitment, promotion, and training, as evidenced by our transparent probationary and confirmation processes.

We hire the most competent individuals and maintain a talent pool that aligns with the our needs and strategic planning. Job opportunities are presented to the most qualified candidates based on their qualifications and capabilities to fulfil the job requirements, regardless of whether they are referred or direct applicants. We adopt a fair and unbiased approach to make position-related decisions about talents based on consistent selection criteria, such as their skills and qualifications, instead of their gender, ethnicity, religion or other characteristics, regardless of whether it pertains to recruitment, promotion or transfer.

Employment and Labour Standards

Thelloy upholds high employment and labour standards in compliance with relevant regulations. The Administration and Human Resources Department is responsible for verifying the authenticity of age, identification, work authorisation documents, and other relevant materials when recruiting talent to prevent any form of illicit employment. Employment contracts and other records, which document all relevant details of employees, including age, are maintained and are open for verification by any authorised personnel or relevant statutory body. If any cases of child or forced labour are discovered, disciplinary actions will be taken in accordance with the Group's policy if anyone found responsible for such cases.

In addition, we strictly regulate the conduct of our suppliers and contractors, forbidding the use of any form of child or forced labour practices. We are also committed to establishing contingency measures to counter any instances of child or forced labour should they arise. All employees are required to possess an ID card for verifying the identity and credentials of our workforce. We utilise an access control system which integrates a card management system and biometric authentication devices to verify worker identity. This device in corporate with the Construction Workers Registration System (CWRS) to obtain daily attendance record (DAR) of workers as required by the Construction Workers Registration Ordinance (Cap.583).

Our Employee Handbook specifies clear policies on working hours and leave entitlements, ensuring fair treatment across all levels of employees. We maintain transparent termination procedures, requiring seven days' notice for probationary employees and one month's notice for permanent employees, fostering mutual respect.

During the Reporting Period, no non-compliance cases regarding child and forced labour were found.

Compensation and Benefits

The Group provides a structured compensation framework to ensure fair remuneration. The Group synchronises individual and team performance with the establishment of targets. We foster individual and team achievement by implementing transparent and inspiring evaluation processes that include regular assessments.

The Group's Employees' Handbook outlines a comprehensive array of compensation and benefits policies designed to support and reward employees. These include competitive salaries with a 13-month salary, paid annual and sick leave, various types of special leave (such as marriage, maternity, and mourning leave), and allowances for work-related expenses. Employees are also covered by group term life assurance and have access to outpatient and medical claims, ensuring financial stability during health-related issues.

We also offer project bonuses to employees who remain dedicated to a project throughout its duration and successfully deliver it. This incentive encourages employee retention and rewards their commitment to the project's success.

Employee Well-being

The Group is committed to promoting employee well-being as a core component of our ESG initiatives. We actively encourage colleagues to embrace sports and physical activities to bolster both physical and mental health. Through our Employee Communications, we disseminate practical health tips, updates on sports events, and pertinent fitness information to inspire a vibrant, active lifestyle.

To foster engagement and camaraderie, we organise regular team-building activities, including lively badminton sessions, enjoyable bowling activities, and invigorating group hiking excursions. Employees are warmly encouraged to contribute by sharing their personal fitness journeys, offering valuable insights, or proposing engaging sports topics to further enrich our comprehensive wellness programme.

Occupation Health and Safety

The Group complies with all occupational health and safety laws and regulations, and its commitment to exceeding legal requirements is recognised by the ISO45001 Occupational Health and Safety Management System Certification.

As a participating organisation for Joyful@Healthy Workplace and a Mental Health Friendly Supreme Organisation, which is launched by the Department of Health, Labour Department and the OSHC, we prioritise health, safety, and environmental protection in all business practices, providing adequate resources, necessary information, training, and supervision to promote these initiatives. All personnel must adhere to safety regulations and implement safety management practices to eliminate unsafe conditions and acts, including our Code of Ethics and Safety and Health Policy. This is achieved through established safety plans and procedures, regular revisions to the Handbook, and the implementation of the Site Score System and an Environmental, Health, and Safety Management System for tasks related to occupational health and safety risks.

Safety training is a core component of our development initiatives, as outlined in our Safety and Health Policy. All site workers are required to complete a one-day general site safety training course organised by the Construction Industry Training Authority, followed by weekly and monthly site-specific and toolbox training sessions. Safety Officers and Supervisors conduct regular training, with external speakers occasionally invited to enhance learning. Additionally, all site workers must attend "Green Card Training" and receive site-specific induction training within seven days of joining or completing the course.

Our Target Zero initiative promotes a zero-injury mentality. We continue to develop clear policies, communication pathways for near-misses and enhancements to prevent potential injuries. The Group also aims to achieve high safety standards in daily operations. Regular internal safety audits are conducted to monitor and improve the safety management system's performance at each construction site.

The Group has had no work-related fatalities in the past three years, including the Reporting Period. There were no cases for the Group of non-compliance in respect of the provision of a safe working environment and protection of employees from occupational hazards.

Our Targets	FY23-24 Performance
The accident frequency rate is below 0.6 per 100,000 person-hours worked	Frequency rate: 0.47 per 100,000 person-hours worked
Zero fatality rate	Zero Fatality rate

Clear and quantifiable safety goals are set for every site, workshop, and office, with records kept and displayed to track safety performance. Everyone on-site is responsible for their own safety and the safety of others impacted by their actions or inactions. They must not tamper with or misuse any safety or health measures. Following health and safety rules is a key factor for employee's performance review, and employees who intentionally and repeatedly break these rules may face immediate dismissal. In recognition of our outstanding achievement and commitment to safety performance, training, and promoting safety standards in the Group, we were granted the HKCA Proactive Safety Contractor Award.

Employee Training and Development

The Group is committed to providing comprehensive training and development opportunities to ensure all employee are equipped with the knowledge and skills required to perform their roles effectively. Our Training and Development Policy outlines a structured approach to fostering continuous learning, enhancing employee capabilities, and supporting professional development.

The training and development activities designed to improve, update, or refine employee knowledge and skills, encompassing external training (e.g., seminars, courses, and qualifications), internal training (e.g., project-based learning and on-the-job skill acquisition), and learning from colleagues through mentoring, coaching, job shadowing, and secondments. Our quality management training, aligned with ISO9001 Quality Management System certifications, ensures employees maintain proper documentation for project activities, including design, operation, installation, testing, and commissioning. Furthermore, the Group participates in the Hong Kong Institute of Surveyors (HKIS) scheme and the Safety Charter scheme by the Occupational Safety and Health Council (OSHC) to ensure that our employees are well-trained and adhere to the highest standards of professional conduct and safety.

We prioritised training aligned with key business needs, including statutory obligations, revenue generation, legislative changes, IT skills, service quality, and continuous professional development required by relevant professional bodies. All new employees received a timely induction programme to familiarise them with our policies and their roles, ensuring smooth integration into the workplace.

Quality Services and Construction

Stringent quality control is critical to the Group's reputation and success. As such, we adopt comprehensive quality control measures to ensure the high quality of our services. With the dedication to meet customers' expectation in terms of cost, timeliness and quality, we closely monitor the performance of our suppliers and sub-contractors during the procurement and quality control process.

Product Quality Assurance

The Group has established robust Project Tendering and Management Policies and Procedures to ensure the successful execution of all projects. Prior to project implementation, we evaluate several critical factors, including materials, labour, equipment, environmental impact, safety, industry standards, and legal requirements, to guarantee high-quality outcomes.

- Ensuring all materials meet the project's specifications and quality standards.
- Assessing the availability of skilled labour and allocate sufficient resources to meet project timelines.
- Verifying all necessary equipment and tools are available and in good working condition.
- Conducting an environmental impact assessment, identify potential risks and implement measures to mitigate them.
- Developing a comprehensive safety plan, including risk assessments, emergency procedures, and safety training for all workers.
- Ensuring that the project adheres to industry standards and legal/other requirements.

During the implementation and execution of a project, our project management team conducts regular quality checks and inspections to ensure that the work performed by our subcontractors conforms to the contractual specifications. Additionally, we hold progress meetings with our customers throughout the projects, where our project managers report on progress, discuss major issues encountered, and obtain customers' feedback.

The closing review meeting is a vital project management tool, bringing together key stakeholders to formally document project completion. This meeting facilitates a comprehensive review of project outcomes, performance, and lessons learned, covering adherence to timelines, quality control measures, subcontractor performance, safety records, and any challenges encountered during execution.

Furthermore, we actively involve clients in the quality control process. Upon project completion, clients inspect the work, and our project management team records their feedback and suggestions for improvement. This client-centric approach ensures we meet or exceed expectations in future projects, reinforcing our commitment to quality and stakeholder satisfaction.

Supply Chain Management

The procurement process is essential to our ability to provide our customers with products and services that meet their requirements. The Group is dedicated to building lasting and constructive relationships with partners in its supply chain. Our Control of Purchasing & Procurement Procedure, alongside other internal guidelines, underscores our commitment to a fair, ethical, eco-conscious and transparent procurement process.

Supplier and Subcontractor Engagement

Supplier

The Group's suppliers primarily provide (i) construction materials, (ii) machinery rental services, and (iii) other construction site services. The main construction materials we purchase include concrete and steel reinforcement bars. We conduct evaluations for new suppliers, and both potential and approved suppliers are shortlisted and reviewed periodically based on criteria such as:

- Quality of materials, machinery, or services provided
- Punctuality in delivery
- Reputation
- Preference for environmentally friendly materials/products
- Safety management

Subcontractor

We subcontract our on-site works to nominated subcontractors or our domestic subcontractors and oversee site supervision, subcontractor management, and overall project management. For building construction works, we engage subcontractors either on a contract basis or by specific trades of work within the projects. We review and admit subcontractors to the internally approved list periodically based on factors to ensure the service quality and performance:

- Recent performance of the subcontractor
- Resources and skills of the subcontractor
- Standards and certifications of quality assurance systems implemented by the subcontractor
- Possession of requisite licences, permits, and registrations

It is our general practice to select and engage subcontractors from an internally approved list, considering specific project requirements and price quotations.

Supplier and Subcontractor Monitoring

The Group accomplishes control by closely working with a network of external suppliers. Potential subcontractors and suppliers are evaluated using the Subcontractor/Supplier Application Form and are added to the Approved Subcontractor/Supplier List (the "List") after successful evaluation.

Performance and capability are continually assessed through periodic performance observations and inspection or verification of the supplied products or services. Suppliers and subcontractors' status on the list will be based on their ability to continually meet quality, safety, energy saving and environmental issues and delivery requirements. A supplier/ subcontractor that becomes unacceptable is noted on the list by receiving complaints/warning letter, and removal from the list is the result of continually poor performance.

Responsible Procurement

We are committed to purchasing materials, goods, and services that comply with relevant environmental legislation. Environmental considerations are factored into reducing the environmental impact of purchased goods and services, provided they are technically acceptable and economically viable. This includes the use of Forest Stewardship Council (FSC®) certified wood, purchase of steel and concrete within regional distance and the use of brick with recycled content, and lightweight concrete.

Additionally, the environmental performance of suppliers and subcontractors is considered during the selection process. All suppliers and subcontractors must adhere to BEAM Plus requirements for certain projects, our consideration also includes sourcing equipment with energy labels or Energy Star ratings for the site's mechanical ventilation and air conditioning (MVAC) systems, computers, and ensuring the use of low-flow water fixtures to reduce water consumption.

We also coordinate with potential subcontractors and suppliers to identify hazards and to assess and control the health and safety risks arising from:

- Their activities and operations that impact the organisation.
- Our activities and operations that impact their workers.
- Their activities and operations that impact other interested parties in the workplace.

Anti-Corruption

The Group stands firm with a zero-tolerance policy towards fraud and corruption. As we owe a duty to the community, employers, contractors and their employees, we act professionally and use our best endeavour to practise our Code of Ethics and Code of Conduct to promote integrity within the construction industry.

During the Reporting Period, the Group was not aware of any material non-compliance with laws and regulations relating to bribery, extortion, fraud and money laundering including but not limited to the Prevention of Bribery Ordinance (Cap. 201), the Competition Ordinance (Cap. 619) in Hong Kong.

Prevention of Bid-rigging and Offering Bribes

Given the high-value contracts of the construction industry, there is a potential risk of bid-rigging and bribery. To mitigate these risks, the Group has implemented robust policies and controls. The Project Tendering and Management Policies and Procedures govern project tendering, preparation, budgeting, completion, delivery, and reporting. Additionally, the annual evaluation of suppliers and subcontractors is guided by the Suppliers and Subcontractors Appraisal Policies.

The Group conduct a yearly comparative analysis of bidding to determine whether bid rigging is ongoing or has occurred in the past. If any bid-rigging or offering bribes are found, we will keep a detailed record of all suspicious behaviour and statements, including dates, relevant people and other recordings. Notes will be made during the event or while they are fresh in the official's memory to provide an accurate description of what transpired and to report to the appropriate authorities.

Prevention of Fraud, Extortion and Money-laundering

To prevent fraud, extortion, and money laundering, the Group's Project Tendering and Management Policies and Procedures advise employees to conduct Customer Due Diligence (CDD), maintain proper transaction records, and implement a robust internal control system. Suspicious transactions are reported to the Joint Financial Intelligence Unit (JFIU), with CDD and record-keeping being core counter-measures against money laundering and terrorist financing.

Conflict of Interest

Our Code of Conduct regulates employees to avoid any conflict of interest situation or the perception of such conflicts. When an actual or potential conflict of interest arises, the employee concerned should make a declaration to the approving authority in writing through their supervisors. They should also similarly seek prior approval from the Group before they take up outside work or employment, which could create or give rise to a conflict of interest situation.

Integrity Culture

The Group has arranged a series of anti-corruption and integrity training courses for all directors and employees such as the topics suggested by Independent Commission Against Corruption (ICAC) and legal professionals, the use of checklists to detect signs of bid-rigging during the tendering process, and periodic comparative analysis of subcontracting fees, material costs, and other overheads in tender proposals.

During the Reporting Period, the Group arranged anti-corruption training for its directors and employees to enhance awareness, including webinar integrity management training on site supervision from HKCA. There were no legal cases regarding corrupt practices brought against the Group or its employees, nor were there any instances of non-compliance related to bribery and corruption.

Whistleblowing

A Whistle-blowing System is in place for stakeholders to report violations of the Code of Conduct and our Business Ethics. Any integrity-related complaints from employee, subcontractors, customers, and business partners are handled confidentially. We do not tolerate any harassment, threats or acts of retaliation or any type of discrimination or other adverse employment action against any employee made a complaint or cooperated or assisted with an investigation in good faith.

A dedicated telephone hotline (852-23718111) and email address (info@thelloy.com) were set up for this purpose. All reported cases are investigated promptly and confidentially, with confirmed cases reported to the Audit Committee. Audit Committee reviews the summary of complaints and follow-up actions, including incident descriptions and remedial actions.

Privacy Protection and Data Security

Safeguarding personal data and the privacy of its employee, customers, suppliers, and subcontractors is a top priority for the Group, so we adhere to a Privacy Management Programme. The Group ensures that all personal data is handled in accordance with the provisions of the Personal Data (Privacy) Ordinance (Chapter 486 of the laws of Hong Kong). The Group upholds the following principles in data privacy management.

Data Collection

- Collect adequate, but not excessive, personal data by lawful and fair means solely for lawful purposes related to the department's functions or activities.

- Take all reasonably practicable steps to ensure that the personal data collected or retained is accurate, considering the purposes for which they are to be used.

- Use the personal data collected only for the purposes or directly related purposes for which the data were collected unless the individual concerned has given express consent for a change of use or such use is permitted by law.

Data Use

- Take all reasonably practicable steps to protect personal data against unauthorised or accidental access, processing, erasure, or other use.

- Ensure that a person can be informed of the kinds of personal data that the department holds and the purposes for which the data are to be used.

- Permit persons to access and correct personal data of which they are the data subjects and process any such access or correction requests in a manner permitted or required by law.

Data destruction

- Ensure that personal data is not kept longer than necessary for the purposes for which they are to be used.

Customer Services

The Group is dedicated to delivering exceptional client service. We proactively assess client needs, respond promptly to complaints, and maintain robust complaint handling procedures to elevate service quality. Our objective is to provide outstanding client experiences. The Complaint Committee oversees follow-up actions for all complaints received. Annual Complaint Committee meetings are held, with minutes and details of complaint cases circulated to all Independent Executive Directors for review during the management meetings, ensuring transparency and accountability.

During the Reporting Period, there were no complaints received regarding our projects. Should any complaints arise, our team is prepared to respond promptly and take necessary follow-up actions.

Intellectual Property, Marketing and Labelling

Our business does not involve research and development or labelling activities. Additionally, we do not heavily rely on marketing and advertising. The Group has not identified any significant impacts related to advertising and labelling on our operations. However, we will continue to closely monitor the business environment to identify any potential significant risks in this area.

Community Investment

As a responsible corporate citizen, we acknowledge the importance of creating long-term value for our community and are dedicated to engaging the community through organising and participating in various charitable activities. We actively encourage all our employees to contribute back to the community.

As a recognition of our continuous work on community services, the Group was awarded the 5 Years Plus Caring Company Award by the Hong Kong Council of Social Service. During the Reporting Period, the Group has donated HKD 105,000 to promote culture and sports and HKD 10,000 to support educational initiatives in total. Our employees participated in the LifewireRun 2024 in Tseung Kwan O in the Corporate 3 km team race. The Group actively supports this charity event, which aims to raise funds to help children with rare diseases.

To celebrate a festival of reunion and harmony, we shared with the community and spread festive joy and love. During the Mid-Autumn Festival, our volunteering team joined the Yang Memorial Methodist Social Service to visit the elderly and distribute gift packs to them. These gift packs included mooncakes, packaged food, and personal hygiene items. We sent our care and blessings to the local community.

Environmentally Conscious Operations

Minimising our environmental footprint while ensuring the sustainable use of resources is a top priority for the Group. We have implemented various initiatives to ensure that our operations are environmentally responsible across multiple areas, including greenhouse gas (GHG) emissions, energy use, pollution control, as well as water, waste and noise management.

The Group complies with all applicable environmental laws and regulations, including but not limited to:

- Air Pollution Control Ordinance (Cap.311)
- Waste Disposal Ordinance (Cap.354)
- Waste Disposal (Chemical Waste) (General) Regulation (Cap.354C)
- Water Pollution Control Ordinance (Cap.358)
- Noise Control Ordinance (Cap.400)

The Group was not aware of any non-compliance and violation of environmental law and regulations regarding air emissions, discharges into water and land, generation of hazardous and non-hazardous waste and noise during the Reporting Period.

Environmental Management

The Group maintains a robust Environmental Management System (EMS), compliant with ISO14001 EMS requirements since 2009. We have adopted corresponding environmental protection measures to ensure compliance with relevant laws and regulations, including noise control, air pollution control, as well as solid waste and wastewater treatment. Every employee and subcontractor is a responsible team member, expected to adhere to EMS requirements in all activities.

To enhance environmental performance, a dedicated Environmental Officer is appointed to each project. These officers implement our environmental management policy by developing targeted measures, conducting regular inspections to identify potential hazards proactively, and designing and delivering training programmes for employees and construction workers to ensure compliance. Additionally, they maintain transparent client communication by reporting environmental performance monthly.

During the Reporting Period, in recognition of our environmental management and performance, we received the 2024 Environmental Merit Award from the HKCA and were recognised as a Hong Kong Green Organisation.

Emissions Control

As a building construction services provider, the Group recognises that its operations at construction sites generate several types of emissions and pollution. During the Reporting Period, the Group's air emissions include NOx, SOx, and other pollutants regulated under national laws and regulations. GHG include carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride.

GHG Management

The direct GHG emissions ("**Scope 1 emissions**") of the Group were the consumption of fuels by vehicles or at construction sites. The source of the Group's energy indirect GHG emissions ("**Scope 2 emissions**") during the Reporting Period was mainly due to purchased electricity at our head office and construction sites. The Group is dedicated to reducing its GHG emissions, particularly those associated with diesel-powered generators commonly used at construction sites.

Respirable and Fine Suspended Particulates Management

Reduction at sources

- To minimise dust emissions, the amounts of soil exposed and the dust generation potential have been kept as low as possible
- Any stockpiles of dusty materials have been sprayed with water regularly to maintain the entire surface wet
- The heights from which dusty materials are dropped have been minimised to limit fugitive dust generation from loading or unloading
- All constructional plants powered by diesel fuel have used ultralow-sulphur diesel
- All non-road mobile machinery has been equipped with the Non-Road Mobile Machinery Label to ensure the emissions are within limits
- Vehicle speeds on site have been limited to within 5 km/h to minimise dust re-suspension and dispersion
- Wheel washing facilities have been provided at all vehicle exits to prevent dusty material from being carried off-site by vehicles and deposited on public roads

Reduction of barriers

- Stockpiles of dusty materials have been confined within the designated pedestrian barriers, fencing, or traffic cones to minimise spread.
- All stockpiles of dusty materials have been completely covered with impervious sheeting or stored in an area sheltered on the top and three sides to prevent dust emissions.
- Vehicles used for transporting potentially dust-generating materials have been equipped with properly fitted side and tail boards to contain the materials.
- Materials transported by vehicles have been adequately covered, with the covers securely fastened and extending over the edges of the side and tail boards to prevent spillage and dust generation during transportation.

Regular monitoring

- Regular impact measurements have been taken for the concentration of the Total Suspended Particulates (**TSP**) at the nearest Air Sensitive Receivers

During the Reporting Period, our site measurements on TSP for applicable projects complied with the standards of the BEAM Plus Rating System, and no complaints were received from the public.

Other Air Pollution Management

Chlorofluorocarbon (CFC) free refrigerants have been used for all MVAC systems. For generators, the Group has transitioned to using D5 diesel, which has a lower sulphur content and emits fewer pollutants compared to traditional diesel fuels. For vehicles, we encourage turning off the engine while idling and arranging regular vehicle maintenance checks to ensure that the engine is in optimal condition. We also promote the usage of unleaded gasoline and low-sulphur gasoline, and take the shortest route to the destination. We ensure corporate cars run only when necessary, thereby minimising fuel consumption and emissions.

Meanwhile, the Group is committed to advancing electrification of its construction sites, such as increasing the use of electric equipment to reduce fossil fuel use wherever feasible. The Group has implemented solar-powered flashlights, lighting and mosquito killers, ensuring that clean energy sources are utilised.

For detailed KPI data on our emissions, please refer to the KPI Performance Summary of this Report. With the above-mentioned measures, the expected overall GHG emissions could be lowered by 3% annually.

Waste Management

As the main contractor, the Group obtains all required permits and approvals for waste disposal in compliance with applicable laws and regulations before project commencement. The Group advocates the importance of environmental management, and strictly controls the generation of waste, continuously optimises management and monitoring. We also promote and ensure that the generated waste will be collected, source-separated, and recycled as much as possible before proper disposal.

To address current waste management needs, the Group has implemented a Waste Management Policy, reviewed annually or as needed by senior management. All staff, subcontractors, and construction workers are briefed on its importance. Applicable projects have achieved a 30% waste reduction or recycling rate.

Non-Hazardous Waste Management

For non-hazardous waste, each employee of the Group, as well as subcontractors, should take reasonable steps to avoid the generation by proper planning of works. The following options of options should be considered by the management:

Elimination	• Complete elimination of wastes.
Reduction at source	• Avoidance, reduction, or elimination of waste, typically within the production unit, through changes in processes or procedures.
Reuse/Recycling	• Use, reuse, and recycling wastes for their original purposes or for other purposes such as input material or material recovery.
Treatment	• Destruction, detoxification, and neutralisation of wastes into less harmful substances.
Disposal	• Safe and controlled release of wastes to air, water, or land, often involving volume reduction, encapsulation, leach containment, and monitoring techniques to render them harmless.

The Group seeks continuous improvement in waste management performance by setting appropriate objectives and targets. To minimise waste generated from its operational activities and promote effective waste management practices, the Group has allocated sufficient resources and facilities.

On-site sorting facilities will be implemented for non-hazardous wastes. Sorted materials that can be reused or recycled will be stored in a temporary storage area for delivery to designated recycling facilities. Unsuitable materials will be disposed of at the required public fill or landfill. With the above-mentioned measures, the expected non-hazardous wastes could be lowered by 3% annually.

During the Reporting Period, we have achieved the waste avoidance and recycling targets in our applicable projects, which are in compliance with the BEAM Plus Rating System and are continually being awarded the Wastewi$e Certificate under Hong Kong Green Organisation Certification.

For detailed KPI data on waste management, please refer to the KPI Performance Summary of this Report.

Hazardous Waste Management

During the reporting period, the Group generated no hazardous waste. Nevertheless, the Group has established guidelines for the management and disposal of hazardous waste. Each project is registered with a licensed chemical waste producer. All chemical waste from construction activities is appropriately labelled, packaged, and temporarily stored in a designated on-site chemical waste storage area. Licensed waste collectors transport all chemical waste to authorised disposal facilities, ensuring safe and compliant handling in accordance with regulatory requirements.

All asbestos waste is handled, stored, and disposed of as chemical waste in compliance with relevant regulations. Specialists are engaged to collect samples for testing to identify asbestos-containing materials. If such materials are found, a specialist contractor is appointed to remove them. The asbestos waste is then disposed of at a chemical waste treatment centre or other authorised facilities.

The following options of options should be considered by the management:

Elimination	• Complete elimination of wastes.
Reduction at source	• Avoidance, reduction, or elimination of waste, typically within the production unit, through changes in processes or procedures.
Reuse/Recycling	• Using, reusing, and recycling wastes for their original purposes or for other purposes such as input material or material recovery.

During the Reporting Period, there were no cases of non-compliance in terms of waste generation and treatment. We will continue our best practices to maintain the target of zero improper discharge of hazardous waste.

Use of Resources

The Group endeavours to minimise its resource utilisation, particularly energy and water, in order to decrease expenses and foster the long-term environmental and economic viability of its operations. We are dedicated to the following principles:

- Reduce Energy Consumption: Establish objectives and targets to reduce energy consumption across all operations.
- Continuous Improvement: Ensure continual improvement in our energy performance.
- Resource Allocation: Deploy necessary information and resources to achieve our energy and water efficiency objectives and targets.

- Design Considerations: Consider resource performance improvements in the design and modification of our facilities, equipment, systems, and processes.
- Energy-efficient Procurement: Procure and utilise energy-efficient products and services.
- Packaging Material Reuse: Return packaging materials, including foam boards and cardboards, to material suppliers for reuse.

During the Reporting Period, the Group had no packaging material for finished products.

For detailed KPI data on resource consumption, please refer to KPI Performance Summary of this Report.

Water

The Group primarily uses water for daily consumption at workplaces and construction sites. Although water use has minimal impact on our operations and we face no challenges in sourcing suitable water, we recognise water management as a material issue and are committed to enhancing water efficiency.

The Group has implemented various water conservation initiatives at construction sites and offices to enhance water efficiency. At construction sites, wastewater is treated using chemical treatment equipment and reused for general washing purposes. Additionally, debris is dampened and transported via refuse chutes to suppress dust. Workers are regularly trained in water-conserving practices. Furthermore, water-efficient devices, including dual-flush toilets, sensor-activated urinals, Grade 1 Water Efficiency Labelled fittings, auto-sensor taps, and water leakage sensors, have been installed at construction sites and offices where appropriate. Water consumption is monitored monthly to identify opportunities for improving water efficiency.

Attributable to these initiatives, the Group's overall water consumption is expected to be lowered by 3% annually.

We work towards reducing wastewater discharge to minimise pollution from surface runoff. Prior to discharge of wastewater, treatment facilities such as wastewater treatment system, sedimentation tanks, neutralisation tanks, grease traps, septic tanks and sand traps are set up in construction sites to manage wastewater so as to comply with the relevant discharge standard as stipulated in the Environmental Protection Department (**EPD**) wastewater discharge license. Maintenance and clean-up of all wastewater treatment facilities have been arranged to ensure their proper and efficient operations.

Additionally, samples of wastewater discharged at designated discharge points have been collected for testing by Hong Kong Laboratory Accreditation Scheme (**HOKLAS**) to ensure the contaminants level does not exceed the limit as per the EPD wastewater discharge license. With these controls in place, the Group received no complaints or convictions related to water issues, and there were no cases of non-compliance during the Reporting Period.

Energy Consumption

The Group has implemented a range of measures to reduce energy consumption at both its construction sites and office premises.

At construction sites, the Group uses Grade 1 Energy Labelled air conditioners and Energy Star Labelled computers in site offices to minimise energy consumption without compromising performance. LED spotlights and T5 fluorescent tube lighting are strategically installed in key areas, such as site entrances, walkways, and work zones, to provide sufficient illumination while significantly reducing power usage compared to traditional lighting. Solar-powered torches are provided for safe use during early mornings or late evenings. Timers are installed in site offices to regulate electricity consumption, preventing unnecessary usage during non-working hours. Additionally, many of the Group's construction projects participate in BEAM Plus or LEED green building certification programmes, which promote environmentally friendly designs and energy-efficient features.

In offices, the Group has implemented similar measures, including LED spotlights, T5 fluorescent tube lighting, Grade 1 Energy Labelled electrical appliances, and Energy Star Labelled computers. Additionally, office practices to reduce electricity consumption include independent switches for controlling lighting and air conditioning in different areas to enable partial operation. Staff are encouraged to switch off lights and air conditioners during lunch breaks or partially during off-peak hours and to set photocopiers to sleep mode when not in use.

The Group has implemented a comprehensive Internet of Things (IoT) system in its offices to monitor and optimise energy consumption. This system comprises a network of sensors and smart devices that collect real-time data on motion and luminance across various office areas. By analysing this data, the system actively regulates energy usage to enhance energy efficiency.

With the above-mentioned measures, the expected overall energy use could be lowered by 5% annually.

The Environment and Natural Resources

To promote sustainability within our construction projects, we are committed to the conservation of natural resources and the protection of the environment. We recognise the significant impact that construction activities can have on the ecosystem and are dedicated to minimizing our environmental footprint while delivering high-quality projects.

Noise Management

As most of our projects are carried out in urban areas, mitigating noise impact is a crucial aspect of our environmental management. Recognising the potential disturbance to nearby communities, we have implemented several noise mitigation measures in our projects.

In accordance with the Noise Control Ordinance (Cap.400), noisy construction work is only permitted during the general allowed hours of 07:00 to 19:00. No construction work is conducted on public holidays or Sundays unless a Construction Noise Permit is issued by the EPD.

To minimise noise impact, the Group installs movable noise barriers or acoustic enclosures around construction site perimeters. These barriers are strategically positioned to prevent noise from reaching nearby sensitive receptors, such as residential buildings, schools, and hospitals. The Group prioritises quieter machinery and equipment, such as hand-held electric breakers instead of pneumatic breakers, to reduce noise emissions.

The Group conducts regular noise monitoring at designated locations to assess noise levels from construction activities. The data is analysed to ensure compliance with permissible noise limits under varying conditions. A robust complaint-handling mechanism is in place, and the Group maintains close communication with neighbouring communities to promptly address noise-related concerns. To further minimise noise impact, the Group carefully schedules construction activities, particularly those generating significant noise, to avoid sensitive periods. For example, near schools, noisy construction work is scheduled during non-school hours.

During the Reporting Period, no complaints regarding noise pollution were received.

Tree Preservation

As part of our environmental management process, a bi-monthly tree survey on the construction site is conducted to monitor the condition of the trees and ensure ongoing protection and maintenance efforts are effective.

Registered tree arborists have been engaged to conduct a detailed survey, recording data on species, size, health, structure, and amenity value and then prepare a survey report. Specific steps like establishing tree protection zones, modifying the site hoarding to accommodate trees, and ongoing monitoring are outlined in the report. By thoroughly documenting the trees' condition and prescribing clear protective actions, the survey report provides transparency to stakeholders on how the natural environment is being impacted and managed around the construction site.

Climate Change

The Group acknowledges the impact of climate change and the importance to enhance our awareness and readiness to climate change in response, as it presents various risks and opportunities across all our business operations. During the Reporting Period, we have enhanced climate-related risk and opportunities with reference to the Task Force on Climate-related Financial Disclosures (TCFD) recommendations.

Governance

At the Group, we recognise the urgent need to address the challenges posed by climate change and are committed to integrating climate-related responsibilities into our existing ESG governance systems.

The Board, which is responsible for overseeing our overall ESG strategy and performance, also has direct oversight of climate-related matters. The ESG Working Group is tasked with collecting and collating climate-related materials and information. This group regularly reports to the Audit Committee and the Compliance Section, providing them with accurate and up-to-date information in the field of climate change.

Strategy

The Group attaches great importance to the management of climate-related risks, as its business nature is particularly vulnerable to such risks. We have incorporated the management of these risks into our daily operations, formulating work safety guidelines and emergency management policies under adverse weather conditions to ensure adequate guidance and support for our employees and workers, protecting them from occupational hazards under extreme weather conditions and providing preventive measures to mitigate property losses suffered by the Group due to inclement weather.

We have identified climate risks that are relevant to our business operations, and their impact time horizon from three dimensions: short-term (within 3 years), medium-term (3-6 years) and long term (more than 6 years). We have also listed the actions taken to manage them, as shown in the table below:

Type of Risk	Sub-category	Description of Risk	Time Period	Impact of Risk	Mitigation and Adaptation Strategies
Physical Risks	Acute Risks	• Extreme weather events such as snowstorms, typhoons and rainstorms, which may disrupt the regular operation of the Group	Short-term	• Infrastructure damages due to strong winds, typhoons, flooding and other weather events • Decreased revenue as a result of project delays • Increased capital expenditures spent on mitigation measures • Increased operational costs due to health and safety incidents	• Conduct precautionary training and emergency drills for employees • Implement flexible work arrangements when necessary • Carry out climate risk assessment and research on climate-resilient designs • Promote the use of energy-efficient systems • Equip facilities with water tanks where possible • Maintain cooling equipment in good condition • Purchase property and casualty insurance
	Chronic Risks	• Long-term changes in climate factors such as temperature change, sea level rise, and water shortages may disrupt the regular operation of the Group	Medium to long-term	• Higher manpower costs because of increased health issues	• Launch health and safety campaigns to promote the prevention of heat strokes • Review workers' working hours, and improve working conditions
Transition Risks	Policy and Legal	• Stringent climate-related regulations may increase compliance requirements	Short to medium-term	• Increased costs of compliance and operation • Legal proceedings and penalties if the Group fails to meet the requirements	• Commit to sustainability initiatives and comply with all applicable laws and regulations
	Technology	• Existing technologies may become obsolete, or new technologies may change business models	Medium to long-term	• Our existing technologies become obsolete, or new technologies disrupt our business models • Increased capital expenditures for the procurement of new technologies	• Invest in research and development • Keep abreast of the latest smart building technology available in the market
	Market	• Changing consumer trends and stakeholder demands may require the adoption of green practices	Medium to long-term	• Failure to anticipate and respond to changing consumer trends and preferences • Higher stakeholder demands on applying green practices	• Communicate timely with stakeholders on sustainability measures • Digitise operations and implement energy saving initiatives • Enhance communication capabilities with customers and stakeholders • Continue to implement certified ISO management systems
	Reputation	• Perceived inadequacies in addressing climate issues may harm social responsibility commitments	Medium to long-term	• Revenue reduces due to lose customer trust or stakeholder support	• Enhance transparency in reporting and communications • Build a strong brand around sustainability and ethical practices

Risk Management

Physical climate risks may compromise the integrity of the Group's assets or directly disrupt our service delivery. The Group has developed a range of measures to enhance its business resilience, including contingency plans for extreme weather or emergencies covering our project locations.

Transition risks, arising from policy changes, technological developments, digitalisation, related risks influenced by supply and demand, and reputation due to public perception, may increase operating costs and legal risks. The Group has identified relevant risks and will continue to monitor updates in the market and policies. The Group also plans to make investments based on market demand and leverage this as a long-term development opportunity.

Over the years, we have been seizing various opportunities to expand our business, accelerate transformation, and make the Group smarter, more environmentally friendly, and safer for employees and users. Initiatives such as automation and utilizing digital platforms for online conferences to reduce the carbon footprint during the pandemic have been implemented. These measures have made our facilities more sustainable and efficient.

Metrics and Targets

We aim to reduce GHG emissions by around 3% by 2027 and ensure the Group's GHG emissions will comply with local requirements on or before 2030. Our target is to achieve carbon neutrality by 2050 in Hong Kong. We are committed to continuously improving our energy efficiency, applying professional knowledge to improve on-site efficiency, and maintaining efficient management support to safeguard the Group's reputation.

Electricity consumption from our construction sites and offices represents a significant contributor to our overall energy consumption and GHG emission. We are committed to minimise the environmental impact of our business activities and have implemented several measures to achieve this goal.

KPI Performance Summary

Aspects		KPIs	Unit	2024/25	2023/24
A1.1	**Emissions**	Nitrogen oxides ("**NOx**")	kg	6.52	6.26
		Sulphur oxides ("**SOx**")	kg	0.21	0.19
		Particulate matter ("**PM**")	kg	0.48	0.46
A1.2	**Greenhouse gas**	**Scope 1 – Direct GHG emission**			
		Combustion of fuels	Tonnes of CO_2 equivalent	49	47
		Total direct CO_2 emissions	Tonnes of CO_2 equivalent	49	47
		Scope 2 – Energy Indirect GHG emissions[1]			
		Purchased electricity	Tonnes of CO_2 equivalent	85	82
		Total energy indirect CO_2 emissions	Tonnes of CO_2 equivalent	85	82
		Total GHG emissions	**Tonnes of CO_2 equivalent**	**134**	**129**
		Intensity[2] of total direct CO_2 emissions	**Tonnes of CO_2e per million HK$ revenue**	**0.34**	**0.50**
A1.3	**Hazardous waste**	Total hazardous waste produced	Tonnes	0	0

1 Air pollution and energy indirect emissions are calculated with reference to the "How to prepare an ESG Report? – Appendix II: Reporting Guidance on Environmental KPIs" issued by the HKEX.

2 Intensities is calculated by dividing the volume emitted by the tonnes of CO2e per million HK$ revenue during the Reporting Period.

Environmental, Social and Governance Report (Continued)

Aspects		KPIs	Unit	2024/25	2023/24
A1.4	Non-hazardous waste[3]	Total non-hazardous waste produced	Tonnes	20,113	18,163
		Intensities of non-hazardous waste produced	Tonnes of CO2e per million HK$ revenue	50	70
		Inert waste	**Tonnes**	**19,233**	**17,533**
		Construction sites[4]	Tonnes	19,233	17,533
		Head Office	Tonnes	0	0
		Non-inert waste	**Tonnes**	**880**	**630**
		Construction sites	Tonnes	880	630
		Head Office	Tonnes	0	0
		Sorting facilities	**Tonnes**	**0**	**0**
		Construction sites	Tonnes	0	0
		Head Office	Tonnes	0	0
A2.1	Energy	**Electricity[5]**	**kWh**	**201,100**	**210,005**
		Intensities of electricity consumption	**kWh per million HK$ revenue**	**503**	**814**
		Construction sites	kWh	146,100	154,143
		Head Office	kWh	55,000	55,862
		Diesel[6]	**Liter**	**5,800**	**7,641**
		Intensities of diesel consumption	**Litre per million HK$ revenue**	**15**	**30**
		Construction sites	Litre	5,772	7,611
		Head Office	Litre	28	30
		Petrol[7]	**Litre**	**12,180**	**10,165**
		Intensities of petrol consumption	**Litre per million HK$ revenue**	**30**	**39**
		Construction sites	Litre	2,680	2,431
		Head Office	Litre	9,500	7,731

3 Intensities of non-hazardous waste produced are calculated by dividing tonnes of non-hazardous waste produced per million HK$ revenue during the Reporting Period.

4 A construction site is a construction project undertaken during the Reporting Period or completed during the Reporting Period; there are 3 construction sites during the Reporting Period. Due to the cyclicity of the construction industry, construction sites may vary from different reporting years.

5 Intensities of electricity consumption are calculated by dividing kWh of electricity consumed per million HK$ revenue during the Reporting Period.

6 Intensities of diesel are calculated by dividing litres of diesel consumed per million HK$ revenue during the Reporting Period.

7 Intensities of petrol are calculated by dividing litres of petrol consumed per million HK$ revenue during the Reporting Period.

Aspects		KPIs	Unit	2024/25	2023/24
A2.2	Water	**Water**	**Tonnes**	**5,200**	**5,036**
		Intensities of water consumption[8]	**Tonnes per million HK$ revenue**		**20**
		Construction sites	metric tonnes	5,200	5,036
		Head Office	metric tonnes	0	0
B1.1	Employee	**By gender**			
		Male	Person	134	92
		Female	Person	37	41
		By age group			
		Below 30	Person	26	22
		30-50	Person	75	52
		Over 50	Person	70	59
		By employee type			
		Permanent	Person	113	98
		Contract	Person	58	35
		By geographical region			
		Hong Kong	Person	171	133
B1.2	Employee turnover rate[9]	**Overall**	**%**	**35.7%**	**26.9%**
		By gender			
		Male	%	33.33%	27.6%
		Female	%	43.08%	25.5%
		By age group			
		Below 30	%	17.5%	24.1%
		30-50	%	35.2%	24.6%
		Over 50	%	42.1%	29.8%
		By geographical region			
		Hong Kong	%	35.7%	26.9%
B.2.1	Number and rate of work-related fatalities occurred	Number of reportable accidents	Number	6	1
		Number of work-related fatalities	Person	0	0
		Rate of work-related fatalities	Number of work-related fatalities/1,000 Employee and Workers	0	0
B2.2	Lost days due to work injury	Number of lost-days as a result of work injuries day	Days	909	104
		Number of work-related injuries	Number	6	1

8 Intensities of water are calculated by dividing tonnes of water consumed per million HK$ revenue during the Reporting Period.

9 During the Reporting Period, the Group made revisions to the employee turnover rate. The Employee turnover rate = total number of turnover employees/(total number of staff at the beginning of the Reporting Period + total new employees during the Reporting Period)

Aspects		KPIs	Unit	2024/25	2023/24
B3.1	**Percentage of employees trained**	**Total percentage of employees trained[10]**	**%**	**16%**	**22%**
		By gender			
		Male	%	72%	90%
		Female	%	28%	10%
		By employee role			
		Management or above	%	17%	14%
		Supervisor or above	%	66%	48%
		Operator/Support Level	%	17%	38%
B3.2	**Average training hours**	**Average training hours per employee**	Hours	5.26	5.5
		By gender			
		Male	Hours	2.9	5.9
		Female	Hours	12.9	4.5
		By employee role			
		Management or above	Hours	18.2	10.0
		Supervisor or above	Hours	10	14.8
		Operator/Support Level	Hours	42.5	1.9
B5.1	**Number of suppliers**	**By geographical region**			
		Hong Kong	Number	370	383
		Mainland China	Number	0	0
	Number of subcontractors	**By geographical region**			
		Hong Kong	Number	1,260	1,380
		Mainland China	Number	0	0
B6.1	**Percentage of total products sold or shipped subject to recalls for safety and health reasons**	Percentage of total products sold or shipped subject to recalls for safety and health reasons	%	0	0
B6.2	**Number of products related complaints received**	Number of products and service-related complaints received	Number	0	0
B7.1	**Legal cases regarding corrupt practices**	Number of concluded legal cases regarding corrupt practices brought	Number	0	0
B8.1 & B8.2	**Community investment**	Total donations	HKD	115,000	98,600
		Total volunteering hours	Hours	104	110
		Total number of staff volunteers	People	32	40

10 During the Reporting Period, the training percentage and training hours are updated and calculated with reference to the "How to prepare an ESG Report? – Appendix III: Reporting Guidance on Social KPIs" issued by the HKEX. There are therefore some differences from previous year's data.

HKEX ESG Reporting Guide Content Index

Subject Areas, Aspects, General Disclosures and KPIs	Description	Corresponding Section
A. Environmental		
Aspect A1: Emissions		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Environmentally Conscious Operations
KPI A1.1	The types of emissions and respective emissions data.	KPI Performance Summary
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g., per unit of production volume, per facility).	KPI Performance Summary
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	KPI Performance Summary
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	KPI Performance Summary
KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	Metrics and Targets
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Waste Management

Subject Areas, Aspects, General Disclosures and KPIs	Description	Corresponding Section
Aspect A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Use of Resources
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in'000s) and intensity (e.g. per unit of production volume, per facility).	KPI Performance Summary
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	KPI Performance Summary
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Energy consumption
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Water
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Use of Resources
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	The Environment and Natural Resources
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	The Environment and Natural Resources
Aspect A4: Climate Change		
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Climate Change
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Climate Change

Subject Areas, Aspects, General Disclosures and KPIs	Description	Corresponding Section
B. Social		
Employment and Labour Practices		
Aspect B1: Employment		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Employee and Talent Management People-oriented, safety first
KPI B1.1	Total workforce by gender, employment type (for example, full-or part-time), age group and geographical region.	KPI Performance Summary
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	KPI Performance Summary
Aspect B2: Health and Safety		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Occupation Health and Safety
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Occupation Health and Safety & KPI Performance Summary
KPI B2.2	Lost days due to work injury.	Occupation Health and Safety
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Occupation Health and Safety

Subject Areas, Aspects, General Disclosures and KPIs	Description	Corresponding Section
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Employee Training and Development
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	KPI Performance Summary
KPI B3.2	The average training hours completed per employee by gender and employee category.	KPI Performance Summary
Aspect B4: Labour Standards		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Employment and Labour Standards
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Employment and Labour Standards
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Employment and Labour Standards
Operating Practices		
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Supply Chain Management
KPI B5.1	Number of suppliers by geographical region.	KPI Performance Summary
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Supplier and Subcontractor Engagement & Supplier and Subcontractor Monitoring

Subject Areas, Aspects, General Disclosures and KPIs	Description	Corresponding Section
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Supplier and Subcontractor Engagement & Supplier and Subcontractor Monitoring
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Responsible Procurement
Aspect B6: Product Responsibility		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Product Quality Assurance, Occupation Health and Safety, Intellectual Property, Marketing and Labelling
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	KPI Performance Summary
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	KPI Performance Summary
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Intellectual Property, Marketing and Labelling
KPI B6.4.	Description of quality assurance process and recall procedures.	Product Quality Assurance
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Privacy Protection and Data Security

Subject Areas, Aspects, General Disclosures and KPIs	Description	Corresponding Section
Aspect B7: Anti-corruption		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Anti-Corruption
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	KPI Performance Summary
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Whistleblowing
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Integrity Culture
Community		
Aspect B8: Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Community Investment
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Community Investment
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	KPI Performance Summary

Report of the Directors

The Directors submit their report together with the audited consolidated financial statements of the Group for the Year.

Principal Activities

The principal activity of the Company is investment holding. The Company's subsidiaries principally provide (i) building construction services; (ii) RMAA works services and (iii) Design and Build services in Hong Kong as main contractor.

An analysis of the Group's segment information for the Year by business is set out in note 5 to the consolidated financial statements.

Results and Dividends

Details of the audited consolidated results of the Group for the Year are set out in the consolidated statement of profit or loss and other comprehensive income on page 85 of this annual report.

The Board does not recommend the payment of a final dividend for the Year (2024: Nil).

No arrangement under which a shareholder has waived or agreed to waive any dividends was made by the Company for the Year.

Business Review

A fair review of the business of the Group as well as discussion and analysis of the Group's performance during the Year and the material factors underlying its financial performance and financial position can be found in the "Chairman's Statement" and "Management Discussion and Analysis" set out on pages 3 to 4 and pages 5 to 10 respectively. Details of the Company's share option scheme are provided on page 10 of the "Management Discussion and Analysis" and pages 72 to 73 in this Report of the Directors. An analysis of the Group's financial risk management is provided in note 32(b) to the consolidated financial statements. An indication of likely future development in the Company's business is set out on page 4 of the "Chairman's Statement" and on pages 5 to 6 of the "Management Discussion and Analysis".

Environmental Policies and Performance

The Group is committed to minimise any negative impact on the environment which may be resulted from business activities. The Group has established an environmental management system and was certified by SGS to be in compliance with the requirements of ISO 14001:2015 since 2009.

The Group adopts the following environmental protection measures in order to ensure proper management of environmental protection and compliance with statutory requirement in our daily operation:

– setting environmental goals and objectives and periodically reviewing such goals and objectives;

– giving priority to minimising environmental impacts and setting environmental friendly construction processes when devising the construction plans;

– monitoring all site operations which have significant environmental impact and ensure compliance with environmental legislations, regulations and requirements to which the Group subscribes;

– encouraging the reduction in disposal and emission of construction wastes, dusts, noise and water pollution at sites;

– taking into account previous environmental performance of the sub-contractors and suppliers when selecting the appropriate sub-contractors and suppliers to be engaged;

– providing education and training to the workers, sub-contractors and suppliers to ensure that they conduct their operations in an environmentally friendly and responsible manner; and

– encouraging feedbacks and suggestions from the customer, workers, sub-contractors, suppliers and public for improvements in the environmental management system.

During the Year, the Group was not subject to any material environmental claims, lawsuits, penalty, administrative or disciplinary actions, further information on the Group's environmental policies and performance are detailed in the "Environmental, Social and Governance Report" on pages 30 to 64 to this annual report.

Compliance with Law and Regulation

The Group recognises the importance of compliance with regulatory requirements to keep the licences and various construction related qualifications granted by respective government departments and quasi-Government organisations and that the risk of non-compliance with such requirements could lead to (i) removal from all categories in which the contractor is listed or a particular category under the current contractors registration scheme; (ii) suspension from tendering in all categories of the contractor lists; and (iii) termination of the business. The Group has been allocating staff and resources to ensure ongoing compliance with relevant rules and regulations and to maintain cordial working relationships with relevant authorities through effective communications.

A review was undertaken against the procurement processes, procedures and practices for compliance with the new Competition Ordinance (Chapter 619 of the laws of Hong Kong) that came into force in December 2015. No significant amendments were required as the pre-existing approach was already consistent with the ethos and requirements of the Ordinance.

To ensure compliance with the Competition Ordinance, the Group has conducted trainings for the staff. The Group has also step up measures to increase safety awareness amongst the management and staff to prevent accidents in contravention of safety regulations.

The Group also complies with the requirements under the Companies Law (2013 Revision) of the Cayman Islands Company Limited by shares, the Listing Rules and the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) (the "**SFO**") for the disclosure of information and corporate governance.

Key Relationships with Employees and Subcontractors

The Group's success is contributed by, amongst other matters, the support from key stakeholders which comprise employees, shareholders and subcontractors.

Employees are regarded as the most important and valuable assets of the Group. The objectives of the Group's human resources management is to reward and recognise staff by providing a competitive remuneration package and implementing a sound performance appraisal system with appropriate incentives, and to promote career development and progression by providing appropriate training and opportunities within the Group for career advancement. One of the corporate goals of the Group is to enhance corporate value to shareholders. The Group is poised to foster business developments for improving the Group's financial performance and rewarding shareholders by stable dividend payouts in the foreseeable future when sustainable earnings growth can be achieved, taking into account the capital adequacy levels, liquidity positions and business expansion needs of the Group.

Subcontracting is a common practice in the building construction services and RMAA work services industry in Hong Kong as it minimises the number of employees employed directly by main contractors, increases labour mobility and brings about cost efficiency. As such, maintaining good relations with subcontractors is crucial. The Group has established long-term business relationships with our subcontractors who are closely monitored and supervised by the Group.

The five largest subcontractors (in terms of cost of services) during the Year have maintained business relationships with the Group for a period ranging from 1 to 16 years. Through the past dealings with the subcontractors, the Group has acquired sufficient appreciation of their expertise and strengths for maintaining our internal list of approved subcontractors that are able to meet our safety and quality standards.

Customers

During the Year, the business opportunities generally arose from reviewing the tender invitations from various Government bodies published on the Gazette or receiving invitation for tender from customers in the private sector.

The major customers include the Government, quasi-Government organisations, universities, schools, institutions and incorporated owners of private buildings. During the Year, revenue derived from the Group's top five largest customers amounted to approximately HK$391.1 million (2024: HK$243.3 million), representing approximately 97.7% of the total revenue (2024: 94.3%).

Principal Risks and Uncertainties Facing the Company

A number of factors may affect the results and business operations of the Group, the principal risks and uncertainties faced by the Group are set out below:

Most of the revenue is derived from contracts awarded through competitive tendering. There is no guarantee that the existing contracts may continue upon expiry or new contracts may be awarded to the Group to maintain or expand the business.

There are a large number of qualified building construction service providers and RMAA service providers in Hong Kong. Building construction service providers and RMAA service providers must be licensed to be registered general building contractors under the Buildings Ordinance (Chapter 123 of the laws of Hong Kong) and must have obtained other requisite licences, depending on the skills and technical capabilities required for relevant projects. New participants may be admitted to compete with us provided that they attain the required technical and management capabilities and skills and are granted the required licences. Due to the large number of competitors, the Group may face significant downward pricing pressure which would reduce our profit margins.

Thus, if the Group fails to compete effectively or maintain our competitiveness in the market, the business, financial condition and results of operations will be adversely affected.

The Group continues to take advantage of its various licences and qualifications and extensive experience in construction industry to solidify and expand the market share in the public construction industry and RMAA service in Hong Kong.

The Group's cash flows may fluctuate due to the payment practice applied to the projects

As at 31 March 2025 and 2024, the cash and cash equivalents were approximately HK$31.4 million and HK$32.1 million respectively. As a main contractor, the Group normally incurs net cash outflows at the early stage of carrying out the works when the Group are required to pay the setting up expenditures in advance of payments from the customers. The customers will pay progress payments after the works commence and such works and payments are certified by the architects of the customers. Accordingly, the cash flows of a particular project will turn from net outflows at the early stage into accumulative net inflows gradually as the works progress.

The Group undertakes a number of projects at any given period, and the cash outflow of a particular project could be compensated by the cash inflows of other projects. If the Group takes up too many significant projects, which require substantial initial setting up costs without cash inflow from other projects at a particular point of time, our corresponding cash flow position may be adversely affected.

The Group will continue to closely monitor the capital and cash flow positions, particularly the sub-contracting fees which have augmented in recent years. In the process of identifying and capturing emerging opportunities, the Group will continue to deploy the resources on a selective and prudent basis to focus on projects which are more profitable in nature. The Group will continue to focus on the internal control system to ensure adequate cash flow for the ongoing capital requirements, and to achieve maximum cost savings.

A significant percentage of the revenue and trade receivable is derived from the major customers

The revenue derived from the five largest customers amounted to approximately 97.7% of the total revenue in the Year (2024: 94.3%). The Group will broaden the customer base by an expansion in RMAA service and building construction service capacity to cover design and build projects.

The Group may take a long time to collect the trade receivables

The Group normally receive progress payment from the customers on a monthly basis, with reference to the value of the works completed in the preceding month. Generally, the value of the works completed is assessed by the architects of the customers who will issue an interim certificate certifying the work progress in the preceding month.

In line with industry practice, there is generally a contract term for the customer to secure the Group's due performance by holding up retention money from the progress payment. As for contracts with the Government and quasi-Government organisations, the certified value retained at each stage is generally 1% of the progress payment, subject to a limit of retention fund of not more than 1% of the total contract sum. As for contracts with private sector customers, the certified value retained at each stage is generally 5–10%, subject to a limit of retention fund of not more than 5% of the total contract sum. In general, the retention money will be released to the Group after expiry of the defect liability period subject to the confirmation from the architect of the customers regarding satisfaction with our works.

There can be no assurance that the progress payment is paid to the Group on time and in full, or the retention money or any future retention money will be remitted by the customers to the Group on a timely basis and in full or that the level of bad debt arising from such payment practice can be maintained at the same level as during the Year. Any failure by the customers to make remittance on time and in full may have an adverse effect on our future liquidity position.

In order to minimise the credit risk, the Group carries out credit investigation on such customer which includes conducting of credit search, assessing and reviewing its financial information and obtaining advice from business partners in relation to the potential customer. The level of credit granted must not exceed a predetermined level set by the Directors and the approval for providing credit facilities to the customer must be documented in writing. The Group also performs on-going credit evaluations of the customers. In addition, our accounts department follows a set of monitoring procedures to ensure that follow-up steps are taken for collection of receivables.

Subsidiaries

Details (including the principal activities) of the Company's principal subsidiaries as at 31 March 2025 are set out in note 35 to the consolidated financial statements.

Reserves

Movements in the reserves of the Group and the Company during the Year are set out in the consolidated statement of changes in equity on page 88 of this annual report and note 34 to the consolidated financial statements, respectively.

Distributable Reserves

As at 31 March 2025, reserves available for distribution to owners of the Company as calculated in accordance with statutory provisions applicable in the Cayman Islands amounted to approximately HK$35,671,000 (2024: HK$37,405,000).

Property, Plant and Equipment

Details of the movements in property, plant and equipment of the Group during the Year are set out in note 14 to the consolidated financial statements.

Charitable Donations

Charitable and other donations made by the Group during the Year amounted to HK$115,000 (2024: HK$98,000).

Pre-emptive Rights

No pre-emptive rights exist under the Articles or under the laws in Cayman Islands, being the jurisdiction in which the Company was incorporated.

Tax Relief and Exemption

The Company is not aware of any tax relief or exemption available to shareholders of the Company by reason of their holding of the Company's securities.

Group Financial Summary

A summary of the results, assets and liabilities of the Group for the last five financial years is set out on page 144 of this annual report.

Share Capital and Equity-linked Agreement

Details of the movements in share capital of the Company during the Year, if any, are set out in note 25 to the consolidated financial statements.

Save as disclosed under the section headed "Share Option Scheme", no equity-linked agreements were entered into during the Year or subsisted at the end of the Year.

Report of the Directors (Continued)

Directors

During the Year and thereafter up to the date of this report, the Directors are named as follows:

Executive Directors:

Mr. Lam Kin Wing Eddie *(Chairman)*
Mr. Shut Yu Hang
Mr. Lam Arthur Chi Ping

INEDs:

Mr. Tang Chi Wang
Mr. Wong Kwong On
Mr. Tse Ting Kwan
Ms. Yeung Cheuk Chi Vivian (appointed on 20 June 2024)

Pursuant to Article 16.18 of the Articles, at every AGM one-third of the Directors for the time being shall retire from office by rotation provided that every Director shall be subject to retirement by rotation at least once every three years and any Director required to stand for re-election pursuant to article 16.2 of the Articles shall not be taken into account in determining the number of Directors and which Directors are to retire by rotation. Accordingly, Mr. Shut Yu Hang, Mr. Lam Arthur Chi Ping and Mr. Wong Kwong On will retire from office at the 2025 AGM and both of them, being eligible, will offer themselves for re-election at the 2025 AGM.

Confirmation of Independence of INEDs

The Company has received an annual written confirmation of independence pursuant to Rule 3.13 of the Listing Rules from each of the INEDs, namely Mr. Tang Chi Wang, Mr. Wong Kwong On, Mr. Tse Ting Kwan and Ms. Yeung Cheuk Chi Vivian. The Company considers all the INEDs to be independent.

Biographies of Directors

The biographical details of the Directors are set out on pages 11 to 14 of this annual report.

Directors' Service Contracts

The Company has entered into service contracts with all executive Directors for a term of 3 years. The contracts shall be continuing thereafter unless and until terminated by either party thereto giving to the other not less than six months written notice.

In addition, the Company has entered into letters of appointment with INEDs for a term of 3 years, which shall be continuing unless and until terminated by either party.

None of the Directors who are proposed for re-election at the 2025 AGM has entered into a service contract with the Company, which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

Directors' Interests in Transactions, Arrangements or Contracts of Significance, and Contracts of Significance with Controlling Shareholders

No transactions, arrangements or contracts of significance to which the Company, or any of its holding companies, or any of its subsidiaries or fellow subsidiaries was a party and in which a Director or an entity connected with a Director had a material interest, whether directly or indirectly, subsisted at the end of the Year or at any time during the Year, nor was there any transaction, arrangements or contract of significance for the provision of services to the Company or any of its subsidiaries by a controlling shareholder (as defined in the Listing Rules) or any of its subsidiaries for the Year. There was also no contract of significance between the Company or one of the subsidiaries and the controlling shareholders or any of its subsidiaries.

Management Contract

Save for employment contracts and/or service contracts with Directors, no contracts concerning the management and administration of the whole or any substantial part of the business of the Company or its subsidiaries were entered into or existed during the Year.

Directors' Emoluments

Details of the remuneration of the Directors on named basis during the Year are set out in note 6(a) to the consolidated financial statements.

Remuneration Policy

The remuneration policy of the Company is reviewed regularly, making reference primarily to the market conditions and performance of the Company and individual staff (including the Directors). The remuneration policy and remuneration packages of the Directors and senior management are reviewed by the Remuneration Committee and the Board, which are detailed in the paragraph headed "Remuneration Committee" under the Corporate Governance Report on pages 23 to 24 of this annual report.

The Company provides a comprehensive benefit package for all employees as well as career development opportunities. This includes retirement schemes, share option scheme, medical insurance, other insurances, in-house training, on-the job training, external seminars and programs organised by professional bodies and educational institutes.

Dividend Policy

The Company has adopted a dividend policy (the "**Dividend Policy**"), pursuant to which the Company will give priority to distributing dividend in cash and shares its profits with its shareholders. The dividend payout ratio shall be determined or recommended, as appropriate, by the Board at its absolute discretion after taking into account the Company's financial results, future prospects and other factors, and subject to:

– the Articles of the Company;

– the applicable restrictions and requirements under the laws of the Cayman Islands;

– any banking or other funding covenants by which the Company is bound from time to time;

– the investment and operating requirements of the Company; and

– any other factors that have material impact on the Company.

Equity-Linked Agreements

Save as and except for the Share Option Scheme as disclosed below, no equity-linked agreement that (i) will or may result in the Company issuing shares or (ii) requires the Company issuing shares, was entered into by the Company during the Year or subsisted at the end of the reporting year.

Share Option Scheme

The following is a summary of the principal terms of the Share Option Scheme.

(1) Purpose of the Share Option Scheme

The purpose of the Share Option Scheme is to attract and retain the best available personnel, to provide additional incentive to employees (full-time and part-time), directors, consultants or advisers of the Group and to promote the success of the Group.

(2) Who may join and basis of eligibility

The Board may, at its absolute discretion and on such terms as it may think fit, grant an employee (full-time or part-time), a Director, consultant and adviser of the Group, or any substantial shareholder of the Group, options to subscribe at a price calculated in accordance with paragraph (3) below for such number of Shares as it may determine in accordance with the terms of the Share Option Scheme.

The basis of eligibility of any participant to the grant of any option shall be determined by the Board (or as the case may be, the INEDs) from time to time on the basis of his contribution or potential contribution to the development and growth of the Group.

(3) Price of Shares

The subscription price of a Share in respect of any particular option granted under the Share Option Scheme shall be a price solely determined by the Board and notified to a participant and shall be at least the higher of: (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the option; (ii) the average of the closing prices of the Shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant of the option; and (iii) the nominal value of a Share on the date of grant of the option.

(4) Grant of options and acceptance of offers

An offer for the grant of options must be accepted within seven days inclusive of the day on which such offer was made. The amount payable by the grantee of an option to the Company on acceptance of the offer for the grant of an option is HK$1.00 with no deadline specified.

(5) Maximum number of Shares

The total number of Shares which may be allotted and issued upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of the Group (excluding, for this purpose, options which have lapsed in accordance with the terms of the Share Option Scheme or any other share option schemes of the Group) must not in aggregate exceed 10% of the total number of Shares in issue as at the listing of the shares of Company on GEM of the Stock Exchange on 9 October 2015. The number of Shares available for issue under the Share Option Scheme at the beginning and the end of the Year is 80,000,000 Shares, representing 10% of the issued Shares as at the date of this report. The number of options available for grant under the share option scheme mandate at the beginning and the end of 31 March 2025 was 80,000,000. The Company may refresh this limit at any time, subject to the shareholders' approval and the issue of a circular and in accordance with the Listing Rules provided that the total number of Shares which may be allotted and issued upon exercise of all outstanding options to be granted under the Share Option Scheme and any other share option schemes of the Group must not exceed 10% of the Shares in issue as at the date of approval of the refreshed limit and for such purpose, options (including those outstanding, cancelled, lapsed or exercised in accordance with the Share Option Scheme and any other share option schemes of the Group) previously granted under the Share Option Scheme and any other share option schemes of the Group will not be counted. The above is subject to the condition that the maximum number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of the Group shall not exceed 30% of the Share Capital of the Company in issue from time to time.

(6) Maximum entitlement of each Eligible Person

The total number of Shares issued and to be issued upon exercise of options granted to any grantee (including both exercised and outstanding options) under the Share Option Scheme, in any 12-month period up to the date of grant shall not exceed 1% of the Shares in issue. No service provider sublimit was set under the Share Option Scheme. Any further grant of options in excess of such limit must be separately approved by Shareholders in general meeting with such grantee and his close associates (or his associates if the grantee is a connected person) abstaining from voting. In such event, the Company must send a circular to the shareholders containing the identity of the grantee, the number and terms of the options to be granted (and options previously granted to such grantee), and all other information required under the Listing Rules. The number and terms (including the subscription price) of the options to be granted must be fixed before the approval of the shareholders of the Company and the date of the Board meeting proposing such further grant should be taken as the date of grant for the purpose of calculating the subscription price.

(7) Time of exercise of option

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period as the Board may determine which shall not exceed ten years from the date of grant subject to the provisions of early termination thereof. Unless otherwise determined by the Board and stated in the offer, a grantee is not required to hold an option for any minimum period nor achieve any performance targets before the exercise of an option granted to him.

(8) Vesting Period

The Board may in its absolute discretion impose any condition(s) as it deems appropriate with respect to the grant of the option to the participant, including the vesting period (if any).

(9) Period of the Share Option Scheme

The Share Option Scheme will remain in force for a period of 10 years commencing on the date on which the Share Option Scheme is adopted, being 22 September 2015.

As at 31 March 2025, the remaining life of the Share Option Scheme is approximately 6 months.

No share option has been granted, exercised, cancelled or lapsed under the Share Option Scheme since its adoption.

Permitted Indemnity Provision

Appropriate insurance policies that cover directors' and officers' liabilities have been in force to protect the Directors and officers of the Group from their risk exposure arising from the business of the Group.

Pursuant to the Articles, the Directors shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses, which they shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty.

Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures

As at 31 March 2025, the interests and short positions of the Directors and the chief executives of the Company in the Shares of the Company, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 of the Listing Rules (the "**Model Code**"), as required under Rule 13 of Appendix D2 to the Listing Rules, were as follows:

Name of shareholder	Nature of interest	Number of Shares held	Percentage of shareholding in the Company's issued share capital *(Note 2)*
Mr. Lam	Interest in controlled corporation *(Note 1)*	580,000,000(L)	72.5%

(L) denotes long position.

Notes:

(1) Cheers Mate Holding Limited ("**Cheers Mate**") is the registered and beneficial owner of these Shares. Mr. Lam beneficially owns 100% of the issued share capital of Cheers Mate. By virtue of the SFO, Mr. Lam is deemed to be interested in 580,000,000 Shares held by Cheers Mate.

(2) As at 31 March 2025, the number of issued Shares was 800,000,000.

Save as disclosed above, as at 31 March 2025, none of the Directors nor chief executive of the Company has registered an interests and short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code, as required under Rule 13 of Appendix D2 to the Listing Rules.

Directors' Right to Acquire Shares

Save as disclosed under the paragraphs headed "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures" and "Share Option Scheme" above, at no time during the Year were any rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director or the Chief Executive of the Company or any of their respective spouses or minor children, or were any such rights exercised by them; or was the Company, its holding company, or any of its subsidiaries and fellow subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

Substantial Shareholders' Interests and Short Positions in Shares and Underlying Shares

So far as the Directors are aware, as at 31 March 2025, the following persons (not being Directors or chief executive of the Company) will have or be deemed or taken to have an interest and/or short position in the Shares or the underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which would be recorded in the register required to be kept under Section 336 of the SFO, and/or who are directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group:

Name of shareholders	Nature of interests	Number of Shares held	Percentage of shareholding in the Company's issued share capital *(Note 3)*
Cheers Mate *(Note 1)*	Beneficial owner	580,000,000(L)	72.5%
Ms. Cheng Pui Wah Theresa *(Note 2)*	Interest of spouse	580,000,000(L)	72.5%

(L) denotes long position.

Notes:

(1) Mr. Lam beneficially owns 100% of the issued share capital of Cheers Mate. By virtue of the SFO, Mr. Lam is deemed to be interested in the 580,000,000 Shares held by Cheers Mate.

(2) Ms. Cheng Pui Wah Theresa is the spouse of Mr. Lam. By virtue of the SFO, Ms. Cheng Pui Wah Theresa is deemed to be interested in the same number of Shares in which Mr. Lam is deemed to be interested under the SFO.

(3) As at 31 March 2025, the number of issued Shares was 800,000,000.

There is a duplication of interest of 580,000,000 shares between Mr. Lam, Cheers Mate and Ms. Cheng Pui Wah Theresa.

Save as disclosed above, as at 31 March 2025, the Directors were not aware of any other persons who had any interests or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which would be recorded in the register required to be kept under Section 336 of the SFO, and/or who are directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

Shareholders' Interests in Securities of Significance

Other than the interests disclosed above in respect of the substantial shareholders, as at 31 March 2025, no other person is individually and/or collectively entitled to exercise or control the exercise of 5% or more of the voting power at the general meetings of the Company and are able, as a practicable manner, to direct or influence the management of the Company.

Major Customers and Sub-contractors

The percentage of sales for the Year generated from the Group's major customers is as follows:

–	The largest customer	40.4%
–	Five largest customers	97.7%

The percentage of sub-contracting fees for the Year attributable to the Group's major sub-contractors is as follows:

–	The largest sub-contractor	6.0%
–	Five largest sub-contractors	14.7%

None of the Directors, their close associates (as defined in the Listing Rules) or any shareholders (which to the knowledge of the Directors, owns more than 5% of the Company's share capital) had an interest in any of the Group's five largest and sub-contractors for the Year.

Purchase, Sale or Redemption of the Company's Listed Securities

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the shares of the Company (including sale of treasury shares) during the Year. As at 31 March 2025, no treasury shares were held by the Company.

Code of Conduct Regarding Director's Securities Transactions

The Company has adopted the Model Code as code of conduct governing Directors' securities transaction. In response to the specific enquiry made by the Company of the Directors, all Directors have confirmed that they had complied with the required standard set out in the Model Code throughout the Year.

Directors' Interests in Competing Business

During the Year, none of the Directors or the controlling shareholders or substantial shareholders (as defined in the Listing Rules) of the Company or their respective close associates (as defined in the Listing Rules) were considered to have any interests in a business which competed or was likely to compete, either directly or indirectly, with the business of the Group and/or caused, or was likely to cause any other conflicts of interest with the Group, as required to be disclosed under the Listing Rules.

Audit Committee

The Company has set up an audit committee (the "**Audit Committee**") on 22 September 2015 with terms of reference as revised by the Board with effect from 24 January 2019. The primary duties of the Audit Committee are to, inter alia, review relationship with the Company's external auditors, review the Company's financial information, oversee the Company's financial reporting system and internal control procedures and oversee the Company's connected transactions. The Audit Committee comprises three INEDs, namely Mr. Tse Ting Kwan, who is the chairman of the Audit Committee, Mr. Tang Chi Wang and Mr. Wong Kwong On. The audited consolidated financial statements of the Group for the Year have been reviewed by the Audit Committee, which was of the opinion that the preparation of such results complied with the applicable accounting standards, the Listing Rules and legal requirements, and adequate disclosures have been made.

Related Party Transactions

Details of the significant related party transactions of the Group are set out in note 28 to the consolidated financial statements and such transactions are not connected transactions or continuing connected transactions.

Public Float

Based on the information that is publicity available to the Company and within the knowledge of the Directors, the Company has maintained the percentage of public float as prescribed in the Listing Rules for the Year and up to the date of this annual report.

Compliance with Corporate Governance Code

The Company is committed to implementing good corporate governance practices. Information on the principal corporate governance practices adopted by the Company is set out in the Corporate Governance Report on pages 16 to 29 of this annual report.

Changes in the information of Directors

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in the information of Directors during the Year and up to the date of this annual report is as follows:

Mr. Lam, being an executive Director, (i) has been redesignated from the President of the Hong Kong Construction Association to a Permanent Supervisor of the Hong Kong Construction Association with effect from 1 April 2025; and (ii) has ceased to be a member of the Mandatory Provident Fund Industry Schemes Committee of Mandatory Provident Fund Schemes Authority with effect from 24 August 2024.

Mr. Lam Arthur Chi Ping, being an executive Director, has been appointed as (i) a member of the Appeal Tribunal Panel (Buildings) with effect from 1 December 2024; (ii) a member of the CIC Youth Affairs Committee since 2023; and (iii) the First Vice-Chairman of the HKCA Young Members Society with effect from 1 April 2025.

Ms. Yeung Check Chi Vivian, being an independent non-executive Director, has been appointed as a member of the Appeal Tribunal Panel (Buildings) with effect from 1 December 2024.

For information in relation to the emoluments of the Directors for the Year, please refer to note 6(a) to the consolidated financial statements in this annual report. During the Year, the changes in emoluments of the Directors are set out below:

(1) Mr. Lam's monthly salary as an executive Director and the chairman of the Company was reduced from HK$160,000 to HK$152,000 with effect from 1 January 2025.

(2) Mr. Shut Yu Hang's monthly salary as an executive Director was reduced from HK$160,000 to HK$153,000 with effect from 1 January 2025.

(3) Mr. Lam Arthur Chi Ping's monthly salary as an executive Director was reduced from HK$117,500 to HK$113,500 with effect from 1 January 2025.

2025 Annual General Meeting ("2025 AGM")

The 2025 AGM will be held on Monday, 25 August 2025 at 11:00 a.m. and the notice convening such meeting will be published and despatched to the shareholders of the Company in the manner as required by the Listing Rules in due course.

Subsequent Event

Subsequent to the year ended 31 March 2025, Great Glory entered into a sale and purchase agreement with an independent third party to sell its entire equity interest in Profit Apex Developments Limited, a company which beneficially owned the entire equity interest in Sky Glory Properties Limited, a company which is incorporated in Hong Kong and held a piece of land in Yuen Long, Hong Kong, at a consideration of HK$42,000,000. The disposal was completed on 15 May 2025 and the Group received the consideration attributable to it of HK$20,580,000, which is proportional to its shareholding interest in Great Glory, representing 49% of the total consideration received by Great Glory.

Independent Auditor

The consolidated financial statements for the Year have been audited by Deloitte Touche Tohmatsu, who will retire and, being eligible, offer themselves for re-appointment. The Board has taken the Audit Committee's recommendation that a resolution for their re-appointment as independent auditor of the Company will be proposed at the 2025 AGM.

There has been no change in the auditor of the Company for the past three years.

On behalf of the Board

Lam Kin Wing Eddie
Chairman and executive Director

Hong Kong, 26 June 2025

Independent Auditor's Report

Deloitte. 德勤

TO THE SHAREHOLDERS OF THELLOY DEVELOPMENT GROUP LIMITED
(incorporated in the Cayman Islands with limited liability)

Opinion

We have audited the consolidated financial statements of Thelloy Development Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 85 to 143, which comprise the consolidated statement of financial position as at 31 March 2025, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the HKICPA's "Code of Ethics for Professional Accountants" (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to note 3.1 to the consolidated financial statements, which indicates that during the year ended 31 March 2025, the Group incurred a net loss of HK$51,358,000 and resulted a net operating cash outflow and net decrease in cash and cash equivalents of HK$63,833,000 and HK$685,000, respectively. As at 31 March 2025, the Group's current liabilities exceeded its current assets by HK$80,536,000 and the Group's aggregate bank borrowings amounted to HK$154,420,000, which were due for settlement within twelve months and were classified as current liabilities while the Group had cash and cash equivalents of HK$31,381,000.

The Group's ability to continue as a going concern depends on its ability to maintain minimal cash outflows from operations and sufficient financing resources to meet its financial obligations as and when they fall due. The Group is actively improving the liquidity and cashflow by continue monitoring the utilisation of bank borrowings and ensuring the compliance with loan covenants, with details as described in note 3.1 to the consolidated financial statements, in order to ensure that the Group has sufficient financial resources to finance its operations and to meet its financial obligations as and when they fall due at least twelve months from the date of approval of the consolidated financial statements.

The Directors have taken into account the unutilised banking facilities available to meet the Group's operating and financing needs and are of the opinion that sufficient financial resources will be available to finance the Group's operations and to meet the Group's financial obligations as and when they fall due at least twelve months from the date of approval of the consolidated financial statements. Accordingly, the consolidated financial statements have been prepared on a basis that the Group will be able to continue as a going concern. However, these conditions, along with other matters as set forth in note 3.1 to the consolidated financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Revenue and costs from construction contracts	
We identified the recognition of revenue and costs from construction contracts, as a key audit matter due to the use of estimates by management in determining the contract revenue and budget costs of incomplete construction contracts. During the year ended 31 March 2025, the Group generated revenue of HK$400,168,000 (2024: HK$257,992,000) and incurred direct costs of HK$391,900,000 (2024: HK$227,763,000) from construction contracts. The Group recognised contract revenue and relevant direct costs according to the percentage of completion. As discussed in note 4 to the consolidated financial statements, the directors of the Company estimated direct costs according to the amount of direct labour costs, subcontracting charges and costs of materials incurred from time to time based on quotations provided by the major subcontractors, suppliers or vendors involved and the experience of the directors of the Company. Changes in estimates or the actual outcome will affect recognition of revenue and/or direct costs.	Our procedures in relation to recognition of revenue and costs from construction contracts included: • Understanding and evaluating management's process in estimation of the contract revenue, budget cost and determination of completion status of the construction contracts; • Agreeing the total contract value to the contracts and variation orders (if any), architect's instructions or other form of agreements or other correspondences, on a sample basis; • Evaluating the reasonableness of the estimated total contract costs by assessing the status of completion of the respective construction contracts, with reference to either the proportion of remaining costs against actual costs incurred or the percentage of work certified by external surveyors' certifications, on a sample basis; and • Testing the contract costs recognised to date by checking to supporting documents including the certificates issued to the subcontractors/suppliers/vendors and their correspondences or other documents issued before and subsequent to year end date to evaluate the progress of the respective projects, on a sample basis.

Other Information

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRS Accounting Standards as issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (Continued)

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and performance of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (Continued)

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in the independent auditor's report is Wan Wai Nga (Practicing Certificate Number: P07315).

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
26 June 2025

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2025

	NOTES	2025 HK$'000	2024 HK$'000
Revenue	*5*	**400,168**	257,992
Direct costs		**(391,900)**	(227,763)
Gross profit		**8,268**	30,229
Other income	*7*	**2,107**	1,532
Impairment losses (recognised) reversed under expected credit loss model, net	*8*	**(183)**	142
Administrative expenses		**(34,824)**	(34,977)
Share of (losses) profits of joint ventures		**(19,531)**	16,375
Finance costs	*9*	**(7,436)**	(4,510)
(Loss) profit before tax	*10*	**(51,599)**	8,791
Income tax credit (expense)	*11*	**241**	(512)
(Loss) profit and total comprehensive (expense) income for the year		**(51,358)**	8,279
(Loss) earnings per share	*13*		
Basic (HK cents)		**(6.42)**	1.03

Consolidated Statement of Financial Position

At 31 March 2025

	NOTES	2025 HK$'000	2024 HK$'000
Non-current assets			
Property, plant and equipment	*14*	**89,698**	94,571
Right-of-use assets	*15*	**1,570**	2,890
Interests in joint ventures	*16*	**108,954**	119,793
Rental deposits	*17*	**93**	548
		200,315	217,802
Current assets			
Trade and other receivables	*17*	**59,597**	33,200
Contract assets	*18*	**95,320**	57,183
Amount due from a joint venture	*16*	**9,010**	9,012
Tax recoverable		**2,086**	1,564
Pledged bank deposits	*19*	**2,073**	2,025
Cash and cash equivalents	*19*	**31,381**	32,066
		199,467	135,050
Current liabilities			
Trade and other payables	*20*	**123,925**	104,105
Contract liabilities	*18*	**–**	3,054
Lease liabilities	*21*	**1,184**	2,185
Deferred income	*22*	**474**	421
Bank borrowings	*23*	**154,420**	71,000
		280,003	180,765
Net current liabilities		**(80,536)**	(45,715)
Total assets less current liabilities		**119,779**	172,087
Non-current liabilities			
Lease liabilities	*21*	**185**	635
Deferred tax liabilities	*24*	**271**	512
Deferred income	*22*	**1,003**	1,262
		1,459	2,409
Net assets		**118,320**	169,678

Consolidated Statement of Financial Position (Continued)

At 31 March 2025

	NOTES	2025 HK$'000	2024 HK$'000
Capital and reserves			
Share capital	*25*	**8,000**	8,000
Reserves		**110,320**	161,678
Equity attributable to owners of the Company		**118,320**	169,678

The consolidated financial statements on pages 85 to 143 were approved and authorised for issue by the Board of Directors on 26 June 2025 and are signed on its behalf by:

Lam Kin Wing Eddie
DIRECTOR

Lam Arthur Chi Ping
DIRECTOR

Consolidated Statement of Changes in Equity

For the year ended 31 March 2025

	Share capital HK$'000	Share premium HK$'000	Other reserve HK$'000 *(note)*	Retained earnings HK$'000	Total HK$'000
At 1 April 2023	8,000	42,490	18,800	92,109	161,399
Profit and total comprehensive income for the year	–	–	–	8,279	8,279
At 31 March 2024	8,000	42,490	18,800	100,388	169,678
Loss and total comprehensive expanse for the year	–	–	–	(51,358)	(51,358)
At 31 March 2025	8,000	42,490	18,800	49,030	118,320

Note: Other reserve represents the difference between the nominal value of the share capital of Techoy Construction Company Limited ("Techoy Construction") and that of the Company pursuant to group reorganisation in prior years.

Consolidated Statement of Cash Flows

For the year ended 31 March 2025

	2025 HK$'000	2024 HK$'000
OPERATING ACTIVITIES		
(Loss) profit before tax	**(51,599)**	8,791
Adjustments for:		
Depreciation of property, plant and equipment	**5,676**	4,857
Depreciation of right-of-use assets	**2,415**	2,784
Impairment losses recognised (reversed) under expected credit loss model, net	**183**	(142)
Share of loss (profit) of a joint venture	**19,531**	(16,375)
Finance costs	**7,436**	4,510
Government grants	**(474)**	(421)
Bank interest income	**(111)**	(107)
Operating cash flows before movements in working capital	**(16,943)**	3,897
(Increase) decrease in trade and other receivables	**(25,062)**	28,184
Change in contract assets/liabilities, net	**(41,126)**	(39,137)
Increase in trade and other payables	**19,820**	4,840
Cash used in operations	**(63,311)**	(2,216)
Tax paid	**(522)**	(3,058)
NET CASH USED IN OPERATING ACTIVITIES	**(63,833)**	(5,274)
INVESTING ACTIVITIES		
Investment in a joint venture	**(8,692)**	(17,866)
Placement of pledged bank deposits	**(2,073)**	(2,025)
Loan to a related company	**(1,482)**	–
Purchase of property, plant and equipment	**(803)**	(11,396)
Withdrawal of pledged bank deposits	**2,025**	1,979
Refund of rental deposits	**354**	5
Increase in deferred income	**268**	2,104
Bank interest received	**111**	107
Decrease (increase) in amount due from a joint venture	**2**	(5,244)
Payments for rental deposits	**–**	(36)
Repayment from a joint venture	**–**	8
NET CASH USED IN INVESTING ACTIVITIES	**(10,290)**	(32,364)

Consolidated Statement of Cash Flows (Continued)

For the year ended 31 March 2025

	2025 HK$'000	2024 HK$'000
FINANCING ACTIVITIES		
New bank borrowings raised	**232,020**	97,000
Repayment of bank borrowings	**(148,600)**	(86,000)
Repayment of lease liabilities	**(2,546)**	(2,872)
Interests paid	**(7,436)**	(4,452)
NET CASH FROM FINANCING ACTIVITIES	**73,438**	3,676
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(685)**	(33,962)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	**32,066**	66,028
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, represented by bank balances and cash	**31,381**	32,066

1. General

Thelloy Development Group Limited (the "Company") was incorporated and registered as an exempted company with limited liability in the Cayman Islands on 28 May 2015 and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 9 October 2015. Its immediate and ultimate holding company is Cheers Mate Holding Limited, a company incorporated in the British Virgin Islands (the "BVI"). The address of the Company's registered office is PO Box 309, Ugland House, Grand Cayman, Cayman Islands, KY1-1104. The principal place of business of the Company is 19/F, The Globe, 79 Wing Hong Street, Lai Chi Kok, Kowloon, Hong Kong.

The Company and its subsidiaries (collectively the "Group") are principally engaged in property construction services in Hong Kong.

The consolidated financial statements are presented in Hong Kong dollars ("HK$"), which is the same as the functional currency of the Company.

2. Application of New and Amendments to Hong Kong Accounting Standards

Amendments to Hong Kong Accounting Standards that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to Hong Kong Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time, which are mandatorily effective for the Group's annual period beginning on 1 April 2024 for the preparation of the consolidated financial statements:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendment to HKAS 1	Classification of Liabilities as Current or non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendment to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS7 and HKFRS 7	Supplier Finance Arrangements

The application of the amendments to Hong Kong Accounting Standards in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

2. Application of New and Amendments to Hong Kong Accounting Standards (Continued)

New and amendments to Hong Kong Accounting Standards in issue but not yet effective

The Group has not early applied the following new and amendments to Hong Kong Accounting Standards that have been issued but are not yet effective:

Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and measurement of Financial and Instruments[3]
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity[3]
Amendments to HKFRS 10 and HKAS 18	Sale or Contribution of Assets between an Investors and its Associate or Joint Venture[1]
Amendments to HKFRS Accounting Standards	Annual Improvements to Hong Kong Accounting Standards – Volume 11[3]
Amendments to HKAS 21	Lack of Exchangeability[2]
HKFRS 18	Presentation and Disclosure in Financial Statements[4]

[1] Effective for annual periods beginning on or after a date to be determined.
[2] Effective for annual periods beginning on or after 1 January 2025.
[3] Effective for annual periods beginning on or after 1 January 2026.
[4] Effective for annual periods beginning on or after 1 January 2027.

Except for the new and amendments to Hong Kong Accounting Standards mentioned below, the directors of the Company anticipate that the application of all other amendments to Hong Kong Accounting Standards will have no material impact on the consolidated financial statements in the foreseeable future.

HKFRS 18 *Presentation and Disclosure in Financial Statements* ("HKFRS 18")

HKFRS 18, which sets out requirements on presentation and disclosures in financial statements, will replace HKAS 1 *Presentation of Financial Statements*. This new Hong Kong Accounting Standard, while carrying forward many of the requirements in HKAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some HKAS 1 paragraphs have been moved to HKAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* and HKFRS 7. Minor amendments to HKAS 7 *Statement of Cash Flows* and HKAS 33 *Earnings per Share* are also made.

HKFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The application of the new standard is expected to affect the presentation of the statement of profit or loss and disclosures in the future financial statements. The Group is in the process of assessing the detailed impact of HKFRS 18 on the Group's consolidated financial statements.

3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information

3.1 Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standards issued by the HKICPA. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rule") and by the Hong Kong Companies Ordinance.

Going concern assessment

During the year ended 31 March 2025, the Group incurred a net loss of HK$51,358,000 and resulted a net operating cash outflow and net decrease in cash and cash equivalents of HK$63,833,000 and HK$685,000, respectively. As at 31 March 2025, the Group's current liabilities exceeded its current assets by HK$80,536,000, and the Group's aggregate bank borrowings amounted to HK$154,420,000, which were due for settlement within twelve months and were classified as current liabilities while the Group had cash and cash equivalents of HK$31,381,000.

In assessing the Group's ability to continue as a going concern and appropriateness of the use of going concern basis for the preparation of these consolidated financial statements, the Directors have prepared a cashflow projection for the Group covering a period of 18 months till 30 September 2026, the Directors have given careful consideration to the future liquidity, the financial position, and the available sources of financing of the Group in assessing the Group's ability to continue as a going concern:

- Subsequent to the end of the reporting period, the Group has successfully disposed of its entire interest in joint venture, Sky Glory Properties Limited and received a net consideration of HK$20,580,000.

3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information (Continued)

3.1 Basis of preparation of consolidated financial statements (Continued)

Going concern assessment (Continued)

- In June 2025, the Group has been awarded by the Buildings Department of the Government of the Hong Kong Special Administrative Region an extension of contract period of two of its existing term works contracts with an estimated remaining contract sum of approximately HK$593,000,000 in aggregate and which were due to expire in July 2025 to January 2027.

- In addition, the Group has available unutilised banking facilities of approximately HK$229,479,000 as at 31 March 2025 to support its daily operating expenses and the Directors had reasonable expectation that the banking facilities would be renewed on an annual basis. Despite there was a non-compliance of the gearing ratio of a bank borrowing with carrying amount of HK$20,000,000 as at 31 March 2025 (see note 32), the Group has fully settled the outstanding balance in accordance with the repayment schedule up to the date of approval of these consolidated financial statements. The Group will continue monitoring the utilisation of bank borrowings and ensuring the compliance with loan covenants.

However, uncertainties exist as to whether the banking facilities will continue to be available to the Group to finance its operations and to meet its financial obligations as and when they fall due in the foreseeable future for at least the next twelve months from the end of the reporting period. If the banking facilities could not be renewed, the Group would be unable to finance its operations or meet its financial obligations as and when they fall due in its ordinary course of business. The above conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern.

By taking into account the unutilised banking facilities available, the Directors are of the opinion that the Group will have sufficient resources to finance its operations and to meet its financial obligations as and when they fall due in the foreseeable future. Accordingly, the consolidated financial statements have been prepared on a basis that the Group will be able to continue as a going concern.

Should the Group be unable to renew its banking facilities, it might not be able to continue to operate as a going concern and adjustments might have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to reclassify non-current liabilities as current liabilities with consideration of the contractual terms, or to recognize a liability for any contractual commitments that may have become onerous, where appropriate. The effects of these adjustments have not been reflected in the consolidated financial statements.

3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information (Continued)

3.1 Basis of preparation of consolidated financial statements (Continued)

The consolidated financial statements have been prepared on the historical cost basis at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on fair value of the consideration given in exchange for services.

3.2 Material accounting policy information

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by Group. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

All intragroup assets, liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information (Continued)

3.2 Material accounting policy information (Continued)

Investment in joint ventures

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of joint ventures are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of joint ventures used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the joint venture. When the Group's share of losses of a joint venture exceeds the Group's interest in that joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint venture.

An investment in a joint venture is accounted for using the equity method from the date on which the investee becomes a joint venture. On acquisition of the investment in a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The Group assesses whether there is an objective evidence that the interest in a joint venture may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When a group entity transacts with a joint venture of the Group, profits and losses resulting from the transactions with the joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the joint venture that are not related to the Group.

3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information (Continued)

3.2 Material accounting policy information (Continued)

Revenue from contracts with customers

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents service (or a bundle of services) that is distinct or a series of distinct services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct service.

A contract asset represents the Group's right to consideration in exchange for services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with HKFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

A contract asset and a contract liability relating to the same contract are accounted for and presented on a net basis.

Over time revenue recognition: measurement of progress towards complete satisfaction of a performance obligation

Input method

The progress towards complete satisfaction of a performance obligation is measured based on input method, which is to recognise revenue on the basis of the Group's efforts or inputs to the satisfaction of a performance obligation relative to the total expected inputs to the satisfaction of that performance obligation, that best depict the Group's performance in transferring control of services.

3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information (Continued)

3.2 Material accounting policy information (Continued)

Leases

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group as a lessee

Short-term leases

The Group applies the short-term lease recognition exemption to lease of site offices and storage room that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. Lease payments on short-term leases are recognised as expense on a straight-line basis over the lease term.

Right-of-use assets

The cost of Right-of-use assets includes the amount of the initial measurement of the lease liability.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

Refundable rental deposits

Refundable rental deposits paid are accounted under HKFRS 9 and initially measured at fair value.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information (Continued)

3.2 Material accounting policy information (Continued)

Leases (Continued)

The Group as a lessor

Classification and measurement of leases

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset, and such costs are recognised as an expense on a straight-line basis over the lease term except for investment properties measured under fair value model.

Refundable rental deposits

Refundable rental deposits received are accounted for under HKFRS 9 and initially measured at fair value.

Taxation

Income tax expense represents the sum of current and deferred income tax expense.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from '(loss) profit before tax' because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of each reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profit will be available against which those deductible temporary differences can be utilised. Such deferred assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of transaction does not give rise to equal taxable and deductible temporary differences.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each reporting period.

3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information (Continued)

3.2 Material accounting policy information (Continued)

Taxation (Continued)

The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred tax are recognised in profit or loss.

Property, plant and equipment

Property, plant and equipment are tangible assets that are held for use in the production or supply of services, or for administrative purposes. Property, plant and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition. To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land is presented as "right-of-use assets" in the consolidated statement of financial position. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property, plant and equipment.

Depreciation is recognised so as to write off the cost of assets less their residual value over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Impairment on property, plant and equipment and right-of-use assets

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment and right-of-use assets to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount of property, plant and equipment and right-of-use assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information (Continued)

3.2 Material accounting policy information (Continued)

Cash and cash equivalents

Cash and cash equivalents presented on the consolidated statement of financial position include:

(a) cash, which comprises of cash on hand and demand deposits, excluding bank balances that are subject to regulatory restrictions that result in such balances no longer meeting the definition of cash; and

(b) cash equivalents, which comprises of short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

For the purposes of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. Such grants are presented under “other income”.

3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information (Continued)

3.2 Material accounting policy information (Continued)

Employee benefits

Retirement benefit costs

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

For LSP obligation, the Group accounts for the employer MPF contributions expected to be offset as a deemed employee contribution towards the LSP obligation in terms of HKAS 19.93 (a) and it is measure on a net basis. The estimated amount of future benefit is determined after deducting the negative service cost arising from the accrued benefits derived from the Group's MPF contributions that have been vested with employees, which are deemed to be contributions from the relevant employees.

Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another HKFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries and annual leave) after deducting any amount already paid.

Financial instruments

Financial assets and financial liabilities are recognised when the group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for the trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15 *Revenue from Contracts with Customers* ("HKFRS 15"). Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information (Continued)

3.2 Material accounting policy information (Continued)

Financial instruments (Continued)

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and

- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets are subsequently measured at amortised cost.

Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

Impairment of financial assets and other items subject to impairment assessment under HKFRS 9

The Group performs impairment assessment under expected credit loss ("ECL") model on financial assets (including trade receivables, other receivables and deposits, amount due from a joint venture, loan receivable from a related company, pledged bank deposits and bank balances) and other items (contract assets and financial guarantee contracts) which are subject to impairment assessment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables and contract assets.

3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information (Continued)

3.2 Material accounting policy information (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets and other items subject to impairment assessment under HKFRS 9 (Continued)

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

- an actual or expected significant deterioration in the operating results of the debtor;

- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

For financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of financial guarantee contracts, the Group considers the changes in the risk that the specified debtor will default on the contract.

3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information (Continued)

3.2 Material accounting policy information (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets and other items subject to impairment assessment under HKFRS 9 (Continued)

(i) Significant increase in credit risk (Continued)

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information (Continued)

3.2 Material accounting policy information (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets and other items subject to impairment assessment under HKFRS 9 (Continued)

(iv) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

For a financial guarantee contract, the Group is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed. Accordingly, the ECL is the present value of the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Group expects to receive from the holder, the debtor or any other party.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables, contract assets and amount due from a joint venture where the corresponding adjustment is recognised through a loss allowance account.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the assets expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information (Continued)

3.2 Material accounting policy information (Continued)

Financial instruments (Continued)

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity instruments in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost, using the effective interest method.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument. Financial guarantee contract liabilities are measured initially at their fair values. It is subsequently measured at the higher of:

- the amount of the loss allowance determined in accordance with HKFRS 9; and
- the amount initially recognised less, where appropriate, cumulative amortisation recognised over the guarantee period.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

4. Key Sources of Estimation Uncertainty

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty

The followings are the key assumptions concerning the future, and other key source of estimation uncertainty at the end of each reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Revenue and costs from construction contracts

The Group reviews and revises the estimates of contract revenue, contract costs, variation orders and contract claims prepared for each construction contract as the contract progresses. The directors of the Company estimated direct costs according to the amount of direct labour costs, subcontracting charges and cost of materials incurred from time to time based on quotations provided by the major subcontractors, suppliers or vendors involved and the experience of the directors of the Company. In order to keep the budget accurate and up-to-date, the directors of the Company conducts periodic reviews of the budgets of contracts by comparing the budgeted amounts to the actual amounts incurred. Such significant estimate may have impact on the profit or loss recognised in each period.

Recognised amounts of construction contract revenue and related receivables and contract assets reflect the management's best estimate of each contract's outcome and stage of completion, which are determined on the basis of a number of estimates. This includes the assessment of the profitability of on-going construction contracts. For more complex contracts in particular, costs to complete and contract profitability are subject to significant estimation uncertainty.

Notwithstanding that the management frequently reviews and revises the estimates of both the estimated revenue and direct costs as the contracts progress, changes in estimates or the actual outcome will affect recognition of revenue and/or direct costs.

Impairment assessment of trade receivables and contract assets

ECL on trade receivables and contract assets are assessed individually. The assessment is based on the internal credit ratings, the credit investigation, including assess to financial information, advice from business partners and credit search. Estimated loss rates are based on historical observed default rates over the expected life of the customers and are adjusted for forward-looking information. At each reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered.

Details of impairment assessment are set out in note 32.

5. Revenue and Segment Information

Revenue

Disaggregation of revenue

	2025 HK$'000	2024 HK$'000
Recognised over time under HKFRS 15:		
Building construction	**369,495**	188,855
Repair, maintenance, alteration and addition ("RMAA") works	**30,102**	43,945
Design and build	**571**	25,192
Revenue from contracts with customers	**400,168**	257,992
Type of customers		
Government departments	**235,427**	164,640
Private customers	**164,741**	93,352
	400,168	257,992

Performance obligations for contracts with customers

The Group provides building construction, RMAA works and design and build services to customers. Such services are recognised as a performance obligation satisfied over time as the Group creates or enhances an asset that the customer controls as the asset is created or enhanced. Revenue is recognised for these construction services based on the stage of completion of the contract using input method. The stage of completion is determined as the proportion of the costs incurred for the works (i.e. overhead costs, subcontracting costs, materials costs and direct staff costs incurred) performed to date relative to the estimated total costs to complete the satisfaction of these services to the extent that the amount can be measured reliably and its recovery is considered probable.

The Group's construction contracts include payment schedules which require stage payments over the construction period once certain specified milestones based on surveyors' assessment are reached. A contract asset, net of contract liability related to the same contract, is recognised over the period in which the construction services are performed representing the Group's right to consideration for the services performed because the rights are conditioned on the Group's future performance in achieving specified milestones based on surveyors' assessment. The contract assets are transferred to trade receivables when the rights become unconditional. If the progress payment exceeds the revenue recognised to date under the input method, then the Group recognises a contract liability for the difference.

Retention receivables, prior to expiration of defect liability period, are classified as contract assets, which ranges from one to two years from the date of the practical completion of the construction. The relevant amount of contract asset is reclassified to trade receivables when the defect liability period expires. The defect liability period serves as an assurance that the construction services performed comply with agreed-upon specifications and such assurance cannot be purchased separately.

5. Revenue and Segment Information (Continued)

Revenue (Continued)

Transaction price allocated to the remaining performance obligations

The transaction price allocated to the remaining performance obligations (unsatisfied or partially satisfied) and the expected timing of recognising revenue are as follows:

	2025 HK$'000	2024 HK$'000
Within one year	**597,013**	470,190
More than one year but not more than two years	**213,235**	497,372
More than two years	**297,316**	192,682
	1,107,564	1,160,244

Segment information

For the purpose of resources allocation and performance assessment, the chief operating decision maker (i.e. the chief executive of the Group) reviews the overall results and financial position of the Group as a whole, which was prepared based on the same accounting policies of the Group. Accordingly, only entity-wide disclosures, major customers and geographical information are presented.

Geographical information

The Group's revenue are all derived from Hong Kong based on the location of services delivered. The Group's non-current assets (exclude interests in joint ventures and rental deposits) amounting to HK$91,268,000 (2024: HK$97,461,000) as at 31 March 2025 are all physically located in Hong Kong.

Information about major customers

Revenue attributed from customers that accounted for 10% or more of the Group's total revenue during the year is as follows:

	2025 HK$'000	2024 HK$'000
Customer A	**161,738**	63,388
Customer B	**114,493**	35,709
Customer C	**88,980**	106,902

6. Directors', Chief Executive's and Employees' Remuneration

(a) Directors' and chief executive's emoluments

The emoluments paid or payable to directors of the Company are as follows:

	Lam Kin Wing Eddie HK$'000 *(notes b & c)*	Shut Yu Hang HK$'000 *(note c)*	Lam Arthur Chi Ping HK$'000 *(note c)*	Tang Chi Wang HK$'000 *(note d)*	Tse Ting Kwan HK$'000 *(note d)*	Wong Kwong On HK$'000 *(note d)*	Yeung Cheuk Chi Vivian* HK$'000 *(note d)*	Total HK$'000
Year ended 31 March 2025								
Director's fee	–	–	–	240	240	240	187	907
Other emoluments:								
Salaries and other allowances and benefits in kind	1,896	1,899	1,398	–	–	–	–	5,193
Performance and discretionary bonus *(note a)*	160	160	118	–	–	–	–	438
Contributions to retirement benefit schemes	–	18	18	–	–	–	–	36
Total emoluments	2,056	2,077	1,534	240	240	240	187	6,574

	Lam Kin Wing Eddie HK$'000	Shut Yu Hang HK$'000	Lam Arthur Chi Ping HK$'000	Tang Chi Wang HK$'000	Tse Ting Kwan HK$'000	Wong Kwong On HK$'000	Total HK$'000
Year ended 31 March 2024							
Director's fee	–	–	–	222	222	222	666
Other emoluments:							
Salaries and other allowances and benefits in kind	1,920	1,830	1,343	–	–	–	5,093
Performance and discretionary bonus *(note a)*	320	300	220	–	–	–	840
Contributions to retirement benefit schemes	15	18	18	–	–	–	51
Total emoluments	2,255	2,148	1,581	222	222	222	6,650

* Ms. Yeung Cheuk Chi Vivian was newly appointed as an independent non-executive director of the Group on 20 June 2024.

Notes:

a. The performance and discretionary bonus are determined by the board of directors from time to time with reference to the directors' duties and responsibilities and the Group's performance and profitability.

b. Mr. Lam Kin Wing Eddie acts as chief executive of the Group and his emoluments disclosed above include those for services rendered by him as the chief executive.

c. The emoluments of the executive directors, including Mr. Lam Kin Wing Eddie, Mr. Shut Yu Hang and Mr. Lam Arthur Chi Ping are mainly for their services in connection with the management of the affairs of the Company and the Group.

d. The emoluments of the independent non-executive directors, including Mr. Tang Chi Wang, Mr. Tse Ting Kwan, Mr. Wong Kwong On and Ms. Yeung Cheuk Chi Vivian, are for their services as the directors of the Company.

6. Directors', Chief Executive's and Employees' Remuneration (Continued)

(b) Employees' emoluments

The five highest paid individuals of the Group during the year included 3 (2024: 3) directors of the Company, details of whose remuneration are set out above. Details of the remuneration of the remaining 2 (2024: 2) highest paid individual for the year are as follows:

	2025 HK$'000	2024 HK$'000
Salaries and other allowances and benefits in kind	**2,885**	2,793
Performance and discretionary bonus	**215**	452
Contributions to retirement benefit schemes	**30**	28
	3,130	3,273

The number of the highest paid employees who are not directors of the Company whose remuneration fell within the following bands is as follows:

	2025 Number of employees	2024 Number of employees
HK$1,000,001 to HK$1,500,000	**1**	1
HK$1,500,001 to HK$2,000,000	**1**	1
	2	2

No emolument was paid by the Group to the directors, the chief executive or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors has waived or agreed to waive any emoluments during both years.

7. Other Income

	2025 HK$'000	2024 HK$'000
Other income:		
– Bank interest income	**111**	107
– Rental income	**1,522**	994
– Government grants *(note)*	**474**	431
	2,107	1,532

Note: For the year ended 31 March 2025, government grants include subsidies from Construction Innovation and Technology Fund (CITF) of approximately HK$474,000 (2024: HK$421,000) for adoption of innovative constructive methods and new technology which is credited to income from deferred income. Besides, the government grants in the prior year included HK$10,000 received from CITF which was unconditional and directly credited to other income upon received.

8. Impairment Losses Recognised (Reversed) Under Expected Credit Loss Model, Net

	2025 HK$'000	2024 HK$'000
Impairment losses recognised (reversed) on:		
– trade receivables	**248**	2
– contract assets	**(65)**	(144)
	183	(142)

9. Finance Costs

	2025 HK$'000	2024 HK$'000
Interests on:		
Bank borrowings	**7,391**	4,435
Lease liabilities	**45**	75
	7,436	4,510

10. (Loss) Profit Before Tax

	2025 HK$'000	2024 HK$'000
(Loss) profit before tax has been arrived at after charging:		
Direct costs *(note)*:		
Raw materials and consumables used	**59,208**	40,863
Subcontractor and other expenses	**272,575**	147,420
	331,783	188,283
Auditor's remuneration	**1,000**	1,100
Depreciation of property, plant and equipment	**5,676**	4,857
Depreciation of right-of-use assets	**2,415**	2,784
Directors' remuneration *(note 6)*	**6,574**	6,650
Staff costs:		
Salaries and allowances	**70,873**	50,171
Contributions to retirement benefits schemes	**2,139**	1,526
Total staff costs	**79,586**	58,347

Note: Direct costs includes of approximately HK$60,117,000 (2024: HK$39,480,000) relating to staff costs, which is also included in the staff costs separately disclosed above.

11. Income Tax (Credit) Expense

	2025 HK$'000	2024 HK$'000
Current tax:		
Hong Kong Profits Tax	–	–
Deferred tax:		
(Credit) charge for the year	(241)	512
	(241)	512

Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, the first HK$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. Accordingly, the Hong Kong Profits Tax of the qualifying group entity is calculated at 8.25% on the first HK$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK$2 million.

The income tax (credit) expense for the year can be reconciled to the (loss) profit before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	2025 HK$'000	2024 HK$'000
(Loss) profit before tax	(51,599)	8,791
Tax at the domestic income tax rate of 16.5% (2024: 16.5%)	(8,514)	1,451
Tax effect of expenses not deductible for tax purpose	483	37
Tax effect of income not taxable for tax purpose	(242)	(105)
Tax effect of tax losses not recognised	5,166	1,892
Utilisation of tax losses previously not recognised	(356)	(61)
Tax effect of share of results of joint ventures	3,222	(2,702)
Income tax (credit) expense for the year	(241)	512

As at 31 March 2025, the Group has estimated unused tax losses of approximately HK$62,077,000 (2024: HK$32,925,000) available for offsetting against future taxable profits of the companies in which the losses arose. No deferred tax asset has been recognised in respect of the unused tax losses due to unpredictability of future profit streams. The tax losses may be carried forward indefinitely.

12. Dividend

No dividend was paid or proposed for ordinary shareholders of the Company during the year ended 31 March 2025 and 2024, nor has any dividend been proposed since the end of the reporting period.

13. (Loss) Earnings Per Share

The calculation of the basic (loss) earnings per share attributable to owners of the Company is based on the following data:

(Loss) earnings

	2025 HK$'000	2024 HK$'000
(Loss) earnings for the purpose of basic (loss) earnings per share (loss) profit for the year attributable to owners of the Company	**(51,358)**	8,279

Number of shares

	2025 '000	2024 '000
Number of ordinary shares for the purpose of calculating basic (loss) earnings per share	**800,000**	800,000

No diluted (loss) earnings per share is presented as there is no potential ordinary share in issue for both years.

14. Property, Plant and Equipment

	Properties HK$'000	Leasehold improvements HK$'000	Furniture and fixtures HK$'000	Motor vehicles HK$'000	Office equipment HK$'000	Plant and machinery HK$'000	Computer equipment and software HK$'000	Total HK$'000
COST								
At 1 April 2023	86,818	6,336	1,083	3,862	724	–	200	99,023
Additions	5,950	–	–	1,150	3	3,756	537	11,396
At 31 March 2024	92,768	6,336	1,083	5,012	727	3,756	737	110,419
Additions	–	–	–	653	–	150	–	803
At 31 March 2025	92,768	6,336	1,083	5,665	727	3,906	737	111,222
DEPRECIATION								
At 1 April 2023	7,140	595	240	2,769	161	–	86	10,991
Provided for the year	2,677	698	217	562	145	440	118	4,857
At 31 March 2024	9,817	1,293	457	3,331	306	440	204	15,848
Provided for the year	2,822	678	217	899	145	771	144	5,676
At 31 March 2025	12,639	1,971	674	4,230	451	1,211	348	21,524
CARRYING AMOUNT								
At 31 March 2025	80,129	4,365	409	1,435	276	2,695	389	89,698
At 31 March 2024	82,951	5,043	626	1,681	421	3,316	533	94,571

The above items of property, plant and equipment are depreciated on a straight-line basis at the following rates per annum:

Properties	30 years
Leasehold improvements	Over the shorter of the term of the lease or 10 years
Furniture and fixtures	5 years
Motor vehicles	3 1/3 years
Office equipment	5 years
Plant and machinery	5 years
Computer equipment and software	5 years

As at 31 March 2025 and 2024, the Group's properties with an aggregate carrying value of HK$74,530,000 (2024: HK$77,104,000) have been pledged to secure banking facilities granted to the Group.

15. Right-Of-Use Assets

	Leased properties HK$'000
As at 31 March 2025	
Carrying amount	1,570
As at 31 March 2024	
Carrying amount	2,890
For the year ended 31 March 2025	
Depreciation charge	2,415
Total cash outflow for leases	2,546
Addition to right-of-use assets	1,095
For the year ended 31 March 2024	
Depreciation charge	2,784
Expense relating to short-term leases	90
Total cash outflow for leases	3,037
Addition to right-of-use assets	301

For both years, the Group leases various offices and storage rooms for its operations. Lease contracts are entered into for fixed term of two to four years (2024: two to four years). Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable. For the year ended 31 March 2025 and 2024, certain of the premises has leased out as short term lease within one year.

During the year ended 31 March 2025, the Group entered into a new lease agreement for the use of leased property for two years (2024: two years). On the lease commencement, the Group recognised HK$1,095,000 (2024: HK$301,000) of right-of-use assets and HK$1,095,000 (2024: HK$301,000) of lease liabilities.

16. Interests in Joint Ventures/Amount Due From A Joint Venture

Details of the Group's interests in joint ventures are as follows:

	2025 **HK$'000**	2024 HK$'000
Cost of unlisted interests in joint ventures	**112,737**	104,045
Share of post-acquisition results	**(3,783)**	15,748
	108,954	119,793

	2025 **HK$'000**	2024 HK$'000
Amount due from a joint venture		
– Non-trade nature	**9,399**	9,401
Less: Allowance for credit loss	**(389)**	(389)
	9,010	9,012

The amount is unsecured, interest-free and recoverable on demand.

Details of impairment assessment are set out in note 32.

16. Interests in Joint Ventures/Amount Due From A Joint Venture (Continued)

Details of the Group's joint ventures at the end of the reporting period are as follows:

Name of entities	Place of incorporation	Principal place of business	Proportion of ownership interest held by the Group		Proportion of voting rights held by the Group		Principal activities
			2025	2024	2025	2024	
Nova Techoy Modular Construction Company Limited ("Nova Techoy") *(Note 1)*	Hong Kong	Hong Kong	**51%**	51%	**51%**	51%	Sales of modular housing solutions
Great Glory Developments Limited ("Great Glory")	BVI	Hong Kong	**49%**	49%	**49%**	49%	Investment holding
Profit Apex Developments Limited ("Profit Apex")	BVI	Hong Kong	**49%** *(Note2)*	49%	**49%** *(Note2)*	49%	Investment holding
Sky Glory Properties Limited ("Sky Glory")	Hong Kong	Hong Kong	**49%** *(Note2)*	49%	**49%** *(Note2)*	49%	Properties developing
World Partners Limited ("World Partners")	Hong Kong	Hong Kong	**34.3%**	34.3%	**34.3%**	34.3%	Properties developing

Notes:

1. According to the shareholders' agreement of Nova Techoy Venture, the relevant activities require unanimous consent from all shareholders. The directors of the Company consider that the Group can only exercise joint control over these arrangements and therefore they are classified as joint venture of the Group.

2. Subsequent to the year ended 31 March 2025, Great Glory entered into a sale and purchase agreement with an independent third party to sell its entire equity interest in Profit Apex a company which beneficially owned the entire equity interest in Sky Glory, a company which is incorporated in Hong Kong and held a piece of land in Yuen Long, Hong Kong, at a consideration of HK$42,000,000. The disposal was completed on 15 May 2025 and the Group received HK$20,580,000, which is proportional to its shareholding interest in Great Glory, representing 49% of the total consideration received by Great Glory.

Profit Apex and Sky Glory are subsidiaries of Great Glory of which Great Glory owns 100% interests. World Partners is a subsidiary of Great Glory of which Great Glory owns 70% interest.

16. Interests in Joint Ventures/Amount Due From A Joint Venture (Continued)

Summarised financial information of material joint ventures

Summarised financial information in respect of each of the Group's material joint venture is set out below. The summarised financial information below represents amounts shown in the joint venture's financial statements prepared in accordance with HKFRSs.

The joint ventures are accounted for using the equity method in these consolidated financial statements.

Nova Techoy

	2025 **HK$'000**	2024 HK$'000
Current assets	**643**	268
Current liabilities	**(9,118)**	(8,731)
The above amounts of assets and liabilities include the following:		
Cash and cash equivalents	**247**	262
Current financial liabilities (excluding trade and other payables and provisions)	**(8,475)**	(8,731)

	2025 **HK$'000**	2024 HK$'000
Revenue	**5,458**	4,850
Loss for the year	**(12)**	(1)
The unrecognised share of loss of a joint venture for the year	**(6)**	(1)
Cumulative unrecognised share of loss of a joint venture	**(4,312)**	(4,306)

16. Interests in Joint Ventures/Amount Due From A Joint Venture (Continued)

Summarised financial information of material joint ventures (Continued)

Great Glory (consolidated financial information of Great Glory, Profit Apex, Sky Glory and World Partners)

	2025 HK$'000	2024 HK$'000
Current assets	**746**	7,642
Non-current assets	**441,640**	466,771
Current liabilities	**(220,334)**	(230,312)
The above amounts of assets and liabilities include the following:		
Cash and cash equivalents	**311**	7,642
Current financial liabilities (excluding trade and other payables)	**(215,091)**	(230,312)

	2025 HK$'000	2024 HK$'000
(Loss) profit for the year	**(39,941)**	33,358
(Loss) profit for the year excluding non-controlling interests in a joint venture	**(39,859)**	33,417
The share of (loss) profit of a joint venture for the year	**(19,531)**	16,375

Reconciliation of the above summarised financial information to the carrying amount of the interests in joint ventures recognised in the consolidated financial statements:

	Nova Techoy		Great Glory	
	2025 HK$'000	2024 HK$'000	2025 HK$'000	2024 HK$'000
Net (liabilities) assets	**(8,475)**	(8,463)	**222,052**	244,101
Less: Non-controlling interests	**–**	–	**303**	375
	(8,475)	(8,463)	**222,355**	244,476
Proportion of the Group's interest	**51%**	51%	**49%**	49%
Carrying amount of the Group's interests in joint ventures	**–**	–	**108,954**	119,793

17. Trade and Other Receivables

	2025 HK$'000	2024 HK$'000
Trade receivables	**54,556**	30,948
Less: Allowance for credit losses	**(336)**	(88)
	54,220	30,860
Rental deposits	**765**	1,118
Other deposits	**2,605**	1,011
Other receivables	**14**	–
Prepayments	**604**	759
	58,208	33,748
Less: Rental deposits (classified as non-current assets) *(note i)*	**(93)**	(548)
	58,115	33,200
Loan receivable from a related company *(note ii)*	**1,482**	–
	59,597	33,200

Notes:

(i) These balances represented rental deposits placed by the Group in connection with its rented premises. Therefore, these balances are classified as non-current (2024: non-current).

(ii) The Group granted a loan principal of approximately HK$1,482,000 to a related company, which is a shareholder of Great Glory Developments Limited, carried at fixed interest of 12% per annum, secured by a personal guarantee and repayable on 30 September 2025. Therefore, the loan receivable is classified as current assets at 31 March 2025.

The credit period granted by the Group to its customers is 30 days from the date of invoices on progress payments of contract work. An ageing analysis of trade receivables, net of allowance of credit losses, is presented based on the invoice date at the end of the reporting period.

	2025 HK$'000	2024 HK$'000
0-30 days	**54,220**	30,860

As at 31 March 2025 and 2024, there are no trade receivables balance which are past due.

18. Contract Assets and Contract Liabilities

	2025 HK$'000	2024 HK$'000
Contract assets:		
Retention receivables of construction contracts *(note (a))*	**15,370**	14,932
Unbilled revenue of construction contracts *(note (b))*	**79,973**	42,339
	95,343	57,271
Less: Allowance for credit losses	**(23)**	(88)
	95,320	57,183
Contract liabilities *(note (c))*	**–**	(3,054)

As at 1 April 2023, contract assets and contract liabilities amounted to HK$28,856,000 and HK$13,776,000, respectively.

Notes:

(a) Retention receivables included in contract assets represents the Group's right to receive consideration for work performed and not yet billed because the rights are conditional on the satisfaction of the service quality by the customers over a certain period as stipulated in the contracts. The contract assets are transferred to the trade receivables when the rights become unconditional, which is typically at the expiry date of the period for the provision of assurance by the Group on the service quality of the construction work performed by the Group. As at 31 March 2025, the due dates for retention receivables are one year (2024: one year) after the completion of construction work.

(b) Unbilled revenue included in contract assets represents the Group's right to receive consideration for work completed but not yet billed because the rights are conditional upon the satisfaction by the customers on the construction work completed by the Group and the work is pending for the certification by the customers. The contract assets are transferred to the trade receivables when the rights become unconditional, which is typically at the time the Group obtains the certification of the completed construction work from the customers. The increase in contract assets in the current year is the result of the increase in ongoing construction contracts at the end of the year.

(c) The decrease in contract liabilities in the current year is mainly due to the decrease in the advances certification by the customers.

Contract assets that are expected to be settled within the Group's normal operating cycle are classified as current. The Group applies simplified approach to provide for ECL on contract assets prescribed by HKFRS 9. Details are set out in note 32.

All contract liabilities as at 1 April 2024 and 1 April 2023 were recognised as revenue during the year ended 31 March 2025 and 31 March 2024, respectively.

19. Pledged Bank Deposits/Cash and Cash Equivalents

Pledged bank deposits

Pledged bank deposits represent deposits pledged to banks to secure the banking facilities (including bank borrowings and performance guarantee) granted to the Group, and carry interest at prevailing market rate ranging from 0.001% to 7.4% (2024: 0.001% to 4.9%) per annum.

Cash and cash equivalents

Cash and cash equivalents comprise cash held and short-term bank deposits with an original maturity of three months or less, and carry interest at prevailing market rate ranging from 0.001% to 4.87% (2024: 0.001% to 5.1%) per annum.

Details of impairment assessment of pledged bank deposits and bank balances are set out in note 32.

20. Trade and Other Payables

	2025 HK$'000	2024 HK$'000
Trade payables	**76,745**	65,649
Other payables	**5,244**	5,244
Accrued charges	**15,145**	7,221
Retention payables *(note i)*	**25,800**	18,004
Deposits received from suppliers	**65**	79
Deposits received for rental	**926**	1,002
Deposits received from customer *(note ii)*	**–**	6,906
	123,925	104,105

Notes:

(i) Retention payables to sub-contractors of contract work will be released by the Group after the completion of defect liability period of the relevant contracts or in accordance with the terms specified in the relevant contracts, ranging from one year from the date of practical completion of the respective contraction contracts.

(ii) Deposits received from customer represented the advance payment received from HKSAR government on the ongoing construction contract, which will be repaid in six months.

The credit period granted to the Group on subcontracting of contract work services is 30 to 45 days. The following is an ageing analysis of trade payables presented based on the invoice date at the end of the reporting period:

	2025 HK$'000	2024 HK$'000
0 – 30 days	**66,091**	52,867
31 – 60 days	**10,619**	11,582
61 – 90 days	**35**	1,200
	76,745	65,649

21. Lease Liabilities

	2025 HK$'000	2024 HK$'000
Within one year	**1,184**	2,185
Within a period of more than one year but not exceeding two years	**185**	635
	1,369	2,820
Less: Amount due for settlement with 12 months shown under current liabilities	**(1,184)**	(2,185)
Amount due for settlement after 12 months shown under non-current liabilities	**185**	635

The incremental borrowing rates applied to lease liabilities is 1.87% (2024: 1.87%).

Lease obligations are denominated in the respective functional currencies of group entities.

22. Deferred Income

At 31 March 2025, the Group received a government subsidies from CITF of approximately HK$268,000 (2024: HK$2,104,000) towards the cost of plant and machinery. The amount has been treated as deferred income. The amount is transferred to income over the useful lives of the relevant assets. This policy has resulted in a credit to income in the current year of HK$474,000 (2024: HK$421,000). As at 31 March 2025, an amount of HK$1,477,000 (2024: HK$1,683,000) remains to be amortised.

23. Bank Borrowings

At 31 March 2025, bank borrowings amounted to HK$154,420,000 (2024: HK$71,000,000), are unsecured, repayable within one year and carry interest at Hong Kong Interbank Offered Rate ("HIBOR") plus a spread of range from 1.35% to 2.5% (2024: 1.35% to 2.5%) with an effective rate of 5.96% (2024: 6.39%) per annum.

At 31 March 2025 and 2024, the Group's bank borrowings are secured by the Group's pledged bank deposits and certain of the Group's properties.

The bank borrowings are denominated in the respective functional currency of group entity.

During the year, in respect of a bank loan with a carrying amount of HK$20,000,000 as at 31 March 2025, the Group breached one of the terms of the bank loan, which are primarily related to the gearing ratio of the borrower, one of the subsidiaries of the Group. On discovery of the breach, the directors of the Company informed the lender and commenced a renegotiation of the terms of the loan with the relevant banker. As at 31 March 2025, those negotiations had not been concluded. Since the lender has not agreed to waive its right to demand immediate payment as at the end of the reporting period, the loan has been classified as current liabilities as at 31 March 2025. Up to the date of approval for issuance of the consolidated financial statements, the negotiations are still in progress. The directors of the Company are confident that their negotiations with the lender will ultimately reach a successful conclusion. In any event, should the lender call for immediate repayment of the loan, the directors of the Company believe that adequate alternative sources of finance are available to ensure that there is no threat to the continuing operations of the Group.

24. Deferred Tax Liabilities

	Accelerated tax depreciation HK$'000	ECL provision HK$'000	Total HK$'000
At 1 April 2023 and 31 March 2024	605	(93)	512
Credited to profit or loss	(211)	(30)	(241)
At 31 March 2025	394	(123)	271

25. Share Capital

	Number of shares	Share capital HK$'000
Ordinary shares of HK$0.01 each		
Authorised:		
At 1 April 2023, 31 March 2024 and 31 March 2025	2,000,000,000	20,000
Issued and fully paid:		
At 1 April 2023, 31 March 2024 and 31 March 2025	800,000,000	8,000

26. Reconciliation of Liabilities Arising From Financing Activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the consolidated statement of cash flows as cash flows from financing activities.

	Interest payable HK$'000	Bank borrowings HK$'000	Lease liabilities HK$'000	Total HK$'000
At 1 April 2023	206	60,000	5,391	65,597
Financing cash flows	(4,377)	11,000	(2,947)	3,676
New lease entered	–	–	301	301
Finance costs recognised *(note 9)*	4,435	–	75	4,510
At 31 March 2024	264	71,000	2,820	74,084
Financing cash flows	(7,494)	83,420	(2,591)	73,335
New lease entered	–	–	1,095	1,095
Finance costs recognised *(note 9)*	7,391	–	45	7,436
At 31 March 2025	161	154,420	1,369	155,950

27. Contingent Liabilities

(i) At 31 March 2025, performance guarantee of approximately HK$14,101,000 (2024: HK$14,101,000) are given by banks in favour of the Group's customers as security for the due performance and observance of the Group's obligations under the contracts entered into between the Group and their customers for construction work. The Group has contingent liabilities to indemnify the banks for any claims from customers under the guarantee due to the failure of the Group's performance.

The directors of the Company do not consider it is probable that a claim will be made against the Group.

(ii) At 31 March 2025, performance guarantee of approximately HK$939,000 (2024: HK$939,000) is given by bank in favour of the Group's landlord as security for a premise rented and observance of the Group's obligations under the contract entered into between the Group and the landlord in relation to the payment for the use and occupation of the premise. The Group has contingent liabilities to indemnify the bank for any claims from the landlord under the guarantee due to the date of expiration of the contract.

The directors of the Company do not consider it is probable that a claim will be made against the Group.

28. Related Party Disclosures

Save as disclosed elsewhere in the consolidated financial statements, the Group entered into the following transactions with related parties:

	2025 HK$'000	2024 HK$'000
Subcontracting costs to Nova Techoy	–	8
Short term lease payment to Trunk Room Limited	–	90
Construction contract revenue from World Partners	1,167	553

As at 31 March 2024, the Group had short term lease payment to Trunk Room Limited of HK$90,000 (2025: Nil). Trunk Room Limited is wholly-owned by Mr. Lam Arthur Chi Ping.

Compensation of key management personnel

The remuneration of directors and other members of key management during the year was as follows:

	2025 HK$'000	2024 HK$'000
Short-term benefits	10,221	11,467
Post-employment benefits	108	141
	10,329	11,608

29. Retirement Benefits Schemes

The MPF Schemes is registered with the Mandatory Provident Fund Schemes Authority under the Mandatory Provident Fund Schemes Ordinance. The assets of the MPF Schemes are held separately from those of the Group in funds under the control of an independent trustee. Under the MPF Schemes, the employer and its employees are each required to make contributions to the MPF Schemes at rates specified in the rules. The only obligation of the Group with respect to the MPF Schemes is to make the required contributions. Except for voluntary contribution, no forfeited contribution under the MPF Schemes was available to the Group for reducing the contribution payable in the year ended 31 March 2025, nor will it be available in future years. The Group follows the minimum contribution requirement of 5% of eligible employee' relevant aggregate income with a cap of HK$1,500 per employee per month.

The contributions to retirement benefits schemes arising from the MPF Schemes charged to the consolidated statement of profit or loss and other comprehensive income represent contributions paid or payable to the funds by the Group at rates specified in the rules of the schemes.

The Group's contributions to the retirement benefits schemes charged to the consolidated statement of profit or loss and other comprehensive income amounted to approximately HK$2,645,000 (2024: HK$1,577,000).

30. Other Commitment

On 5 March 2021, in order to finance the land acquisition plan of Great Glory, the Group agreed to provide the additional capital contribution in the aggregate amount of HK$188,650,000 to Great Glory and such contributions shall be payable upon request of Great Glory from time to time. As at 31 March 2025, the outstanding commitment was HK$77,632,000 (2024: HK$86,325,000).

31. Capital Risk Management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to owners through the optimisation of the debt and equity balances. The Group's overall strategy remained unchanged from prior year.

The capital structure of the Group consists of debt, which includes lease liabilities and bank borrowings as disclosed in notes 21 and 23 respectively, and equity of the Group, comprising issued share capital and reserves.

Management of the Group reviews the capital structure regularly taking into account the cost of capital and the risk associated with the capital. The Group will balance its overall capital structure through issue of new shares, raise of new debts or repayment of existing debts.

32. Financial Instruments

(a) Categories of financial instruments

	2025 HK$'000	2024 HK$'000
Financial assets		
Amortised cost	**101,410**	91,024
Financial liabilities		
Amortised cost	**257,956**	167,884

(b) Financial risk management objectives and policies

The Group's major financial instruments include trade receivables, other receivables and deposits, amount due from a joint venture, loan receivable from a related company, pledged bank deposits, bank balances, trade and other payables, lease liabilities and bank borrowings. Details of these financial instruments are disclosed in the respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management of the Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

Currency risk

The Group has limited currency exposure as both the sales and direct costs are denominated in the functional currency of the respective group entity. Accordingly, the directors of the Company considers that the Group's exposure to foreign currency risk is minimal.

Interest rate risk

The Group's cash flow interest rate risk primarily relates to the pledged bank deposits and bank balances (note 19) as at 31 March 2025 and 2024, and variable-rate bank borrowings (note 23) as at 31 March 2025 and 2024. The Group is exposed to fair value interest rate risk in relation to the loan receivable from a related company (note 17) and lease liabilities (note 21) as at 31 March 2025 and 2024.

The Group has not used any interest rate swaps to mitigate its exposure associated with interest rate risk. However, management of the Group monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

32. Financial Instruments (Continued)

(b) Financial risk management objectives and policies (Continued)

Market risk (Continued)

Interest rate risk (Continued)

Sensitivity analysis

In the opinion of the directors of the Company, the expected change in interest rate will not have significant impact on interest income or expense on bank balances.

The sensitivity analysis below has been determined based on the exposure to interest rates for bank borrowings at the end of the reporting period. The analysis is prepared assuming amounts of these financial instruments outstanding at the end of the reporting period were outstanding for the whole year.

A 50 basis points increase or decrease in the prevailing rates of relevant banks is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/lower for variable rate bank borrowings, with all other variables held constant, the Group's post-tax loss for the year ended 31 March 2025 would increase/decrease by HK$772,000 (2024: post-tax profit decrease/increase by HK$296,000).

Credit risk and impairment assessment

Credit risk refers to the risk that the Group's counterparties default on their contractual obligations resulting in financial losses to the Group. The Group's credit risk exposures are primarily attributable to pledged bank deposits, bank balances, trade receivables and contract assets arising from contracts with customers, other receivables and deposits, amount due from a joint venture and financial guarantee contracts. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

The Group performed impairment assessment for financial assets under ECL model. Information about the Group's credit risk management, maximum credit risk exposures and the related impairment assessment, if applicable, are summarised as below:

32. Financial Instruments (Continued)

(b) Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

Trade receivables and contract assets arising from contracts with customers

The Group has concentration of credit risks with exposure limited to certain customers. Trade receivables and contract assets from two customers (2024: one customer) amounting to approximately HK$50,088,000 (2024: HK$12,351,000) and HK$8,824,000 (2024: HK$22,346,000) respectively constitute approximately 92% (2024: 40%) of the Group's trade receivables and 9% (2024: 39%) of the Group's contract assets, respectively, as at 31 March 2025. Management of the Group closely monitors the subsequent settlement of the customers. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

Other receivables and deposits and amount due from a joint venture

For other receivables and deposits and amount due from a joint venture, the directors of the Company make periodic individual assessment on the recoverability of these balances based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportable including forward-looking information. The directors of the Company believes that there has been no significant increase in credit risk of these amounts since initial recognition and the Group provided impairment based on 12m ECL. For the year ended 31 March 2025 and 2024, the Group assessed the ECL for other receivables and deposits are insignificant and thus no loss allowance is recognised.

Pledged bank deposits/bank balances

The credit risk on pledged bank deposits and bank balances is low because the counterparties are reputable banks with high credit ratings assigned by international credit-rating agencies, and the Group has limited exposure to any single financial institution.

32. Financial Instruments (Continued)

(b) Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

Loan receivable from a related company

For the loan receivable from a related company, the directors of the Company make individual assessment on the recoverability of the loan receivable based on quantitative and qualitative information that is reasonable and supportable including forward-looking information. The directors of the Company believes that there has been no significant increase in credit risk of the loan receivable since initial recognition. For the year ended 31 March 2025, the Group assessed the ECL for the loan receivable from a related company is insignificant and thus no loss allowance is recognised.

The tables below detail the credit risk exposures of the Group's financial assets and other item which are subject to ECL assessment:

	Notes	External credit rating	12m or lifetime ECL	2025 Gross carrying amount HK$'000	2024 Gross carrying amount HK$'000
Financial assets at amortised cost					
Trade receivables	*17*	N/A	Lifetime ECL (not credit-impaired and assessed individually)	**54,556**	30,948
Other receivables and deposits	*17*	N/A	12m ECL (not credit-impaired and assessed individually)	**3,384**	2,129
Amount due from a joint venture	*16*	N/A	12m ECL (not credit-impaired and assessed individually)	**9,399**	9,401
Loan receivable from a related company	*17*	N/A	12m ECL (not credit-impaired and assessed individually)	**1,482**	–
Pledged bank deposits	*19*	Aa2 – Aa3	12m ECL (not credit-impaired and assessed individually)	**2,073**	2,025
Bank balances	*19*	A1 – Aa1	12m ECL (not credit-impaired and assessed individually)	**31,240**	31,933
Other items					
Contract assets	*18*	N/A	Lifetime ECL (not credit-impaired and assessed individually)	**95,343**	57,271
			Lifetime ECL (credit-impaired and assessed individually)	**–**	–
Financial guarantee contracts*	*32*	N/A	12m ECL (not credit-impaired and assessed individually)	**42,532**	42,532

* For financial guarantee contracts, the gross carrying amount represents the maximum amount of the Group has guarantee under the respective contracts.

32. Financial Instruments (Continued)

(b) Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

Impairment assessment on trade receivables and contract assets

The ECL on trade receivables and contract assets are assessed individually and estimated by reference to internal credit ratings, the credit investigation, including assess to financial information, advice from business partners and credit search.

The loss rates are estimated taking into consideration of historical observed default rates over the expected life of the customers and are adjusted for forward-looking information.

The following table shows the movement in lifetime ECL that has been recognised for trade receivables and contract assets under the simplified approach.

	Trade receivables		Contract assets		
	Lifetime ECL (not credit-impaired) HK$'000	Lifetime ECL (credit-impaired) HK$'000	Lifetime ECL (not credit-impaired) HK$'000	Lifetime ECL (credit-impaired) HK$'000	Total HK$'000
At 1 April 2023	86	–	117	115	318
Impairment losses reversed	(86)	–	(29)	(115)	(230)
New financial assets originated	88	–	–	–	88
At 31 March 2024	88	–	88	–	176
Impairment losses reversed	–	–	(65)	–	(65)
New financial assets originated	248	–	–	–	248
At 31 March 2025	**336**	**–**	**23**	**–**	**359**

32. Financial Instruments (Continued)

(b) Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

Impairment assessment on trade receivables and contract assets (Continued)

The following tables shows reconciliation of loss allowances that has been recognised for amount due from a joint venture:

	12m ECL (not credit-impaired) HK$'000
At 1 April 2023, 31 March 2024 and 31 March 2025	389

On 5 March 2021, the Group provided a guarantee to a bank in respect of bank facility to the World Partners up to a maximum amount of HK$124,000,000, provided that the liability of the Group in respect of any part of the guaranteed indebtedness shall be several with that of other joint venture partners, and be limited to 34.3% of the guaranteed indebtedness, representing the effective interest of the Group in the World Partners. The fair value of these financial guarantee, as at date of initial recognition, were considered insignificant. At the end of the reporting period, the management has performed impairment assessment, and concluded that there has been no significant increase in credit risk since initial recognition of the financial guarantee contracts. Accordingly, the loss allowance for financial guarantee contracts issued by the Group is measured at an amount equal to 12m ECL. For the year ended 31 March 2025 and 2024, the Group assessed the ECL for financial guarantee contracts are insignificant and thus no loss allowance is recognised.

32. Financial Instruments (Continued)

(b) Financial risk management objectives and policies (Continued)

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by management of the Group to finance the Group's operations and mitigate the effects of unexpected fluctuations in cash flows. The management of the Group monitors the utilisation of bank borrowings and compliance with loan covenants.

As at 31 March 2025, the Group has net current liabilities of HK$80,536,000 (2024: HK$45,715,000). The directors of the Company have given careful consideration to the future liquidity of the Group when preparing the consolidated financial statements.

Taking into account the ongoing availability of finance to the Group, including the unutilised credit facility granted from banks to the Group of HK$229,479,000 (2024: HK$282,899,000) as at 31 March 2025, which can be utilised if necessary subsequent to the reporting period, the directors of the Company are of the opinion that the Group has sufficient working capital to meet in full its financial obligations as they fall due for at least the next twelve months from the end of the reporting period and accordingly these consolidated financial statements have been prepared on a going concern basis.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. Specifically, bank borrowings with a repayment on demand clause are included in the earliest time band regardless of the probability of the bank choosing to exercise the rights. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate at the end of the reporting period.

32. Financial Instruments (Continued)

(b) Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

	Weighted average effective interest rate	Repayable on demand	Within 1 year	1-2 years	Total undiscounted cash flows	Total carrying amount
	%	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 31 March 2025						
Trade and other payables	–	–	103,536	–	103,536	103,536
Lease liabilities	1.87	–	1,196	186	1,382	1,369
Bank borrowings	5.96	154,420	–	–	154,420	154,420
Financial guarantee contracts	N/A	42,532	–	–	42,532	–
		196,952	104,732	186	301,870	259,325
At 31 March 2024						
Trade and other payables	N/A	–	96,884	–	96,884	96,884
Lease liabilities	1.87	–	2,218	638	2,856	2,820
Bank borrowings	6.39	71,000	–	–	71,000	71,000
Financial guarantee contracts	N/A	42,532	–	–	42,532	–
		113,532	99,102	638	213,272	170,704

32. Financial Instruments (Continued)

(b) Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

Bank borrowings with a repayment on demand clause are included in the repayable on demand time band in the above maturity analysis. As at 31 March 2025, the aggregate carrying amounts of these bank borrowings amounted to HK$154,420,000 (2024: HK$71,000,000). As of 31 March 2015, the Group has breached the gearing ratio as required under its loan agreement with a bank. This breach may entitle the lender to demand immediate repayment of the outstanding borrowings amounting to HK$20,000,000 classified under current liabilities because the agreement includes a call on demand clause. The management of the Company is actively negotiating with the lender for a waiver or amendment to the breached covenant. Taking into account the Group's financial position, the management does not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The management believes that such bank borrowings will be repaid within one year after the end of the reporting period in accordance with the scheduled repayment dates set out in the loan agreements, details of which are set out in the table below:

Maturity Analysis – bank borrowings with a repayment on demand clause based on scheduled repayments

	Less than 1 year HK$'000	Total undiscounted cash flows HK$'000	Total carrying amount HK$'000
At 31 March 2025			
Bank borrowings	**155,529**	**155,529**	**154,420**
At 31 March 2024			
Bank borrowings	71,564	71,564	71,000

The amounts included above for financial guarantee contracts are the maximum amounts the Group could be required to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on expectations at the end of the reporting period, the management considers that it is more likely than not that no amount will be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

The amounts included above for variable interest rate instruments are subject to change if changes in variable interest rates differ from the estimated interest rates determined at the end of the reporting period.

(c) Fair value of financial instruments

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

The fair values of the financial assets and financial liabilities have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis.

33. Share Option Scheme

The Company's share option scheme (the "Share Option Scheme") was conditionally approved by the Company pursuant to the written resolutions of the then sole shareholder of the Company on 22 September 2015. The Share Option Scheme remained valid and effective following the transfer of listing of its shares from GEM to the Main Board of the Stock Exchange on 26 October 2017 and will be implemented in full compliance with the requirements under Chapter 17 of the Listing Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

The following is a summary of the principal terms of the Share Option Scheme:

(i) On and subject to the terms of the Share Option Scheme and the requirements of the Listing Rules, the directors of the Company shall be entitled to, at its absolute discretion and on such terms as it deems fit, grant options to any eligible participant.

(ii) The subscription price of a share in respect of any particular option granted under the Share Option Scheme shall be a price solely determined by the board and notified to a participant and shall be at least the higher of: (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the option; (ii) the average of the closing prices of the shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant of the option; and (iii) the nominal value of a Share on the date of grant of the option.

(iii) An offer for the grant of options must be accepted within seven days inclusive of the day on which such offer was made. The amount payable by the grantee of an option to the Company on acceptance of the offer for the grant of an option is HK$1.00.

(iv) The total number of shares which may be allotted and issued upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of the Group (excluding, for this purpose, options which have lapsed in accordance with the terms of the Share Option Scheme or any other share option schemes of the Group) must not in aggregate exceed 80,000,000 shares, 10% of the total number of Shares in issue as at the listing date. The Company may refresh this limit at any time, subject to the shareholders' approval and the issue of a circular and in accordance with the Listing Rules provided that the total number of shares which may be allotted and issued upon exercise of all outstanding options to be granted under the Share Option Scheme and any other share option schemes of the Group must not exceed 10% of the shares in issue as at the date of approval of the refreshed limit and for such purpose, options (including those outstanding, cancelled, lapsed or exercised in accordance with the Share Option Scheme and any other share option schemes of the Group) previously granted under the Share Option Scheme and any other share option schemes of the Group will not be counted. The above is subject to the condition that the maximum number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of the Group shall not exceed 30% of the share capital of the Company in issue from time to time.

33. Share Option Scheme (Continued)

(v) The total number of Shares issued and to be issued upon exercise of options granted to any grantee (including both exercised and outstanding options) under the Share Option Scheme, in any 12-month period up to the date of grant shall not exceed 1% of the shares in issue. Any further grant of options in excess of such limit must be separately approved by shareholders in general meeting with such grantee and his close associates (or his associates if the grantee is a connected person) abstaining from voting. In such event, the Company must send a circular to the shareholders containing the identity of the grantee, the number and terms of the options to be granted (and options previously granted to such grantee), and all other information required under the Listing Rules. The number and terms (including the subscription price) of the options to be granted must be fixed before the approval of the shareholders of the Company and the date of the board meeting proposing such further grant should be taken as the date of grant for the purpose of calculating the subscription price.

(vi) An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period as the board may determine which shall not exceed ten years from the date of grant subject to the provisions of early termination thereof. The Share Option Scheme will remain in force for a period of 10 years commencing on the date on which the Share Option Scheme is adopted.

No share option has been granted, exercised, cancelled or lapsed under the Share Option Scheme since its adoption.

34. Statement of Financial Position and Reserves of the Company

(a) Statement of the financial position of the Company:

	2025 HK$'000	2024 HK$'000
Non-current asset		
Investment in a subsidiary	**53,023**	53,023
Current asset		
Cash and cash equivalents	**235**	270
Current liabilities		
Accrual	**29**	29
Amount due to a subsidiary	**9,558**	7,859
	9,587	7,888
Net current liabilities	**(9,352)**	(7,618)
Net assets	**43,671**	45,405
Capital and reserves		
Share capital *(Note 25)*	**8,000**	8,000
Reserves	**35,671**	37,405
Shareholders' equity	**43,671**	45,405

(b) Movement of reserves of the Company:

	Share premium HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 April 2023	42,490	(3,731)	38,759
Loss and total comprehensive expense for the year	–	(1,354)	(1,354)
At 31 March 2024	42,490	(5,085)	37,405
Loss and total comprehensive expense for the year	–	(1,734)	(1,734)
At 31 March 2025	42,490	(6,819)	35,671

35. Particulars of Principal Subsidiaries

Details of the Company's principal subsidiaries as at 31 March 2025 and 2024 are as follows:

Name of subsidiaries	Place of incorporation/ principal place of business	Issued and fully paid share capital	Proportion of nominal value of issued share capital held by the Company		Principal activities
			2025	2024	
			%	%	
Direct subsidiaries					
Techoy Holding Limited	BVI/Hong Kong	US$1	**100**	100	Investment holding
Techoy Modular Construction Co., Ltd	BVI/Hong Kong	US$1	**100**	100	Investment holding
Techoy Ventures Holding Limited	BVI/Hong Kong	US$1	**100**	100	Investment holding
Indirect subsidiaries					
Techoy Construction	Hong Kong/Hong Kong	HK$22,200,000	**100**	100	Property construction in Hong Kong
Thelloy Construction Company Limited	Hong Kong/Hong Kong	HK$2	**100**	100	Interior decoration
Grandway Inc. Development Limited	Hong Kong/Hong Kong	HK$1	**100**	100	Property investment
Thelloy Assets Holding Limited	BVI/Hong Kong	US$1	**100**	100	Investment holding
Trunk Room Holding Limited	BVI/Hong Kong	US$1	**100**	100	Investment holding
One Puffin Limited	BVI/Hong Kong	US$1	**100**	100	Investment holding
Term Contracting Co., Ltd*	Hong Kong/Hong Kong	HK$1	**100**	–	Property construction in Hong Kong

* The subsidiary is newly incorporated in Hong Kong during the year ended 31 March 2025.

None of the subsidiaries has issued any debt securities at the end of the reporting period.

Financial Summary

RESULTS

	For the year ended 31 March				
	2025	2024	2023	2022	2021
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Revenue	**400,168**	257,992	259,138	204,342	151,829
(Loss) profit for the year attributable to owners of the Company	**(51,358)**	8,279	12,660	4,264	21,123

ASSETS AND LIABILITIES

	At 31 March				
	2025	2024	2023	2022	2021
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Total assets	**399,782**	352,852	341,267	272,345	276,544
Total liabilities	**(281,462)**	(183,174)	(179,868)	(123,606)	(132,069)
Total equity	**118,320**	169,678	161,399	148,739	144,475